HANGZHOU TIGERMED CONSULTING CO., LTD.
杭州泰格醫藥科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3347)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021

FINANCIAL HIGHLIGHTS

	Year ended December 31,		
	2021	2020	Change
	RMB million	*RMB million*	
Operating results			
Revenue	**5,213.5**	3,192.3	63.3%
Gross profit	**2,248.1**	1,503.3	49.5%
Net profit attributable to the owners of the Company	**2,879.1**	1,751.3	64.4%
Adjusted net profit attributable to the owners of the Company[(1)]	**1,585.3**	987.2	60.6%
Profitability			
Gross profit margin	**43.1%**	47.1%	(4.0)%
Margin of net profit attributable to the owners of the Company	**55.2%**	54.9%	0.3%
Margin of adjusted net profit attributable to the owners of the Company[(1)]	**30.4%**	30.9%	(0.5)%
Earnings per share (RMB)			
– Basic	**3.32**	2.20	50.9%
– Diluted	**3.31**	2.19	51.1%
Adjusted earnings per share (RMB)[(1)]			
– Basic	**1.83**	1.24	47.6%
– Diluted	**1.82**	1.23	48.0%

	As of December 31,		
	2021	2020	Change
	RMB million	*RMB million*	
Financial position			
Total assets	**23,741.2**	19,506.1	21.7%
Equity attributable to owners of the Company	**18,185.5**	16,153.8	12.6%
Total liabilities	**3,136.0**	1,647.6	90.3%
Cash and cash equivalents	**8,378.4**	9,960.0	(15.9)%
Gearing ratio	**2.4%**	–	2.4%

Note:

(1) Non-IFRS measures. Please refer to "Non-International Financial Reporting Standards ("**IFRS**") Measures" for details.

The Board proposed to declare a final dividend of RMB5 (inclusive of tax) per 10 Shares for the year ended December 31, 2021.

The Board of Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司) (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**" or "**we**") for the year ended December 31, 2021 (the "**Reporting Period**"), together with comparative figures for the year ended December 31, 2020 (the "**Corresponding Period**").

MANAGEMENT DISCUSSION AND ANALYSIS

What the past two years have shown us, is that the potential to achieve breakthroughs in life science has never been greater. That keeps remind us who we are and what we do to remain unwavering in commitment to our mission. With a demonstrated track record for project delivery and operational excellence, we are well positioned to capture the opportunities in this thriving industry, and are devoted to continuing to build a full-spectrum research and development solution provider to address growing customer demands and enable scientific breakthroughs to address the needs, many of which are unmet, from global patients.

Reflecting on the past year of 2021, we continued the strong momentum to serve our customers to bring critical and innovative products to market, from laboratory service to clinical trial, from project initiation to delivery, from orphan drug to vaccine, we are proud of the achievements we made and values we created for our stakeholders – patients, customers, professionals, communities and Shareholders.

Our revenue increased by 63.3% year-over-year ("**YoY**") from RMB3,192.3 million during the Corresponding Period to RMB5,213.5 million during the Reporting Period. Revenue generated from Clinical Trial Solutions reached RMB2,993.7 million and that from Clinical-related and Laboratory Services reached RMB2,219.8 million, representing a YoY growth of 97.1% and 32.7%, respectively.

During the Reporting Period, our new bookings reached RMB9,645.5 million, representing a 74.2% YoY growth. Continuing R&D spending on innovation therapies by pharmaceutical, biotech and medical device companies, increased attractiveness of China for clinical development programs, further recovery of R&D activities from the pandemic, and the demand of clinical trials for COVID-19 vaccines and therapies contributed to our strong new bookings in 2021. In addition, we saw strong demands from our customers on emerging services including scientific affairs, pharmacovigilance, real-world study, medical translation, medical imaging and Good Clinical Practice ("**GCP**") consulting. These emerging services evolve from more stringent regulatory regime, rapid adoption of new technology and analytical tools and increasing globalization trend. Our contracted future revenue reached RMB11,404.9 million as of December 31, 2021, representing a YoY growth of 57.1%.

The strong business growth we achieved in 2021 was not only reflected on our financial results and new bookings. We also maintained a strong and diversified customer base, six out of our top 20 customers by revenue in 2021 are top multi-national pharmaceutical companies[1] and 16 out of our top 20 customers by revenue in 2021 are publicly listed. During the Reporting Period, we saw meaningful revenue growth from top domestic pharmaceutical companies[2], top multi-national pharmaceutical companies, and largest Chinese biotech companies[3]. As of December 31, 2021, we had 567 ongoing drug clinical research projects, up from 389 as of December 31, 2020. From 2016 to 2021, we supported the R&D process for 52.9% of all Class I innovative drugs (innovative drugs that have not been marketed in China or overseas) approved in China.

During the Reporting Period, our business also continued to recover from the COVID-19 pandemic as the effective control of the pandemic in mainland China continued and the pandemic situation in overseas countries and regions where we conduct our business had generally been improving after the continuing pandemic control measures in place and worldwide massive COVID-19 vaccine inoculation campaigns.

As of December 31, 2021, 52 countries across five continents are within our global reach through our 24 overseas subsidiaries with over 1,000 overseas employees. Going global with our customers and hoping to serve as the gateway to China as well, we had been building our differentiated capabilities and local operation expertise in major overseas markets including both developed and emerging countries.

As of December 31, 2021, we had 132 ongoing single region clinical trials overseas, primarily in South Korea, Australia and the U.S., up from 111 ongoing single region clinical trials overseas as of June 30, 2021. We also had 50 ongoing Multi-regional Clinical Trials ("**MRCT**s") as of December 31, 2021, compared with 29 ongoing MRCTs as of June 30, 2021. Our ongoing MRCTs were being conducted in Asia Pacific, North America, Europe, Africa and Latin America with various therapeutic areas including oncology, vaccine, central nervous system, cardiovascular and rare diseases etc.

In 2021, our team continued to manage through highly complicated and challenging pandemic situations and coordinated seamlessly across continents to provide services with industry-leading quality and efficiency to support several ongoing clinical trials for COVID-19 vaccines and therapies. Particularly, we contributed to the conditional approval of Convidecia™ (Ad5-nCoV) in February 2021 by China National Medical Products Administration ("**NMPA**") as the lead clinical Contract research Organization ("**CRO**") in its multicenter Phase III clinical study conducted in Pakistan, Mexico, Russia, Chile and Argentina with more than 40,000 subjects enrolled, the first-ever phase III vaccine clinical study covering multiple continents initiated by a Chinese enterprise. In these unprecedented exercises, we also had the opportunity to further strengthen our MRCTs execution capability, improve our know-how on global project management and registration affairs in foreign countries, and enhance our internal standard operating procedures ("**SOPs**") and quality assurance standard. This reinforces our position as the leading clinical solution provider in China with expanding global presence.

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1 Multi-national pharmaceutical companies with more than US$20bn sales in 2021

2 Top 10 companies in 2020 Top 100 Chinese Pharma Company Ranking (2020年度中國化藥企業TOP100排行榜)

3 By closing market capitalization as of February 11, 2022

In 2021, we also assembled a centralized service center in China to better support our global business. While a clinical trial is conducted in one or several overseas countries, our centralized service center in China are able to support many other peripheral services in a timely and seamless manner, including medical writing, medical monitoring, registration, data management and statistical analysis, pharmacovigilance, central laboratory and imaging. We also updated and synchronized our uniformed SOPs and budgeting management system across all countries and regions where we operate.

Our controlled subsidiary Frontage Holdings Corporation ("**Frontage**") continued with three bolt-on acquisitions to expand our service offerings and geographical coverage in laboratory services in 2021. In April 2021, Frontage acquired Ocean Ridge Biosciences, Inc.'s genomics business based in Florida, the U.S. to expand its capacity and capability of genomics services. In June 2021, Frontage announced to acquire Quintara Discovery, Inc. based in San Francisco, the U.S. to expand its capacity and capability in the drug discovery space and to increase its client base, service capacity and business development presence on the west coast of the U.S. In September 2021, Frontage announced the acquisition of 70% equity interests in Wuhan Heyan Biomedical Technology Co., Ltd. ("**Heyan Biotech**") to bolster its presence in target-based in vitro pharmacodynamic screening and early pharmacological pharmacodynamic evaluation services in early drug discovery.

In 2021, we continued to pursue external partnership and collaboration that are mutually beneficial with various stakeholders in the healthcare industry. 14 new clinical centers were added into our collaboration network under our Excellence for Clinical Trial Sites ("**E-Site**") Program initiated in 2020. In addition, the Boao Lecheng Clinical Center (博鰲樂城臨床研究中心) was officially inaugurated in May 2021 in joint efforts of Hainan Government, Hainan Boao Lecheng Pilot Zone of International Medical Tourism (海南博鰲樂城國際醫療旅遊先行區) and our Group with an aim to further promote the healthcare industry in the Haikou Free Trade Port (海口綜合保税區). Under the existing collaboration agreement with Boao Government, we have been expanding the number and scope of real-world study ("**RWS**") projects at this newly established clinical center.

Number of our total employees reached 8,326 as of December 31, 2021 from 7,208 as of June 30, 2021, and 6,032 as of December 31, 2020. Below is a breakdown of our employees by function and by region as of December 31, 2021:

	Number of employees				
Function	**PRC**	**Asia Pacific (excluding PRC)**	**Americas**	**EMEA**	**Total**
Project Operation	6,672	320	574	36	7,602
Marketing and business development	274	13	23	3	313
Management and administration	354	18	34	5	411
Total	7,300	351	631	44	8,326

The number of our employees based overseas increased to 1,026 as of December 31, 2021 from 854 as of June 30, 2021. During the Reporting Period, we continued to expand our clinical operation and project management teams in key overseas markets including Europe and Americas as part of our growth strategies. As of December 31, 2021, our overseas employees were based out of 52 countries and regions across 5 continents.

COVID-19 Impact

In 2021, Mainland China, Hong Kong SAR, Taiwan Province and most other countries and regions where we operate, including the U.S., South Korea, Australia, Singapore, Malaysia, Indonesia, Philippines, India, Pakistan, the U.K., Romania, South Africa, Switzerland, Mexico, Brazil, Chile, Columbia, Peru, Argentina and Canada etc., had continued to be adversely affected by the COVID-19 pandemic, mostly with its variants, to a certain extent and, in response, most of these countries have imposed various pandemic control measures including compulsory testing or quarantine mandates, lockdowns, closure of work places, and restrictions on mobility and travel to contain the spread of the virus or reduce the mortality caused by the virus.

Due to the COVID-19 pandemic, certain of our ongoing biopharmaceutical research and development ("**R&D**") projects in China and overseas, including our clinical trial operations, site management and patient recruitment projects and laboratory services, have been adversely affected in a number of ways, including:

- As social and work gatherings were restricted or banned, mandatory quarantine requirements were imposed and public transportation was suspended in certain cities and countries where our offices and facilities are located, a portion of our employees have been working remotely and our operations in those regions have been interrupted to the extent onsite services of our employees were required;

- Certain hospitals and clinical sites in both China and overseas have imposed restrictions on on-site visits as part of their pandemic control measures, the work comprising on-site visits such as clinical trial monitoring, patient recruitment, and site management have been adversely affected at these hospitals and clinical sites;

- Certain hospitals and clinical sites in both China and overseas have devoted significant human and medical resources in response to pandemic control measures taken in their local regions (e.g. assisting in SARS-CoV-2 nucleic acid testing) and to patients infected with COVID-19, resulting in fewer medical staff and facility resources available for clinical trials and related functions and services;

- In both China and overseas, certain candidates for clinical trial subjects have become less willing to participate in clinical trials out of concerns about potential infection of COVID-19 at hospitals or clinical sites, which has presented challenges to patient recruitment;

- Delays in clinical trials as a result of the aforementioned factors also adversely affect certain of our services that handle data generated from the clinical trial and other related work over the period of the clinical trial, including data management and statistical analysis and certain laboratory services;

- The COVID-19 pandemic had resulted in certain regulatory approval delays and increasing backlog of pending drug and medical device regulatory applications in China and overseas due to government-imposed lockdowns, workplace closures and travel restrictions;

- To a lesser extent, reduced transportations and disruption to manufacturing and logistics networks in China and overseas have affected our customers' as well as suppliers' abilities to manufacture drug candidates and other supplies necessary for our clinical trials and laboratory testing. During the Reporting Period and as of December 31, 2021, most of our suppliers had been operating normally.

Nevertheless, during the Reporting Period, the COVID-19 pandemic did not have a significant adverse impact on the overall operation, financial condition and cash flows of our Group as a whole.

In China, with the continuing effective control of the COVID-19 pandemic, we had seen normal operations for most of our business throughout the Reporting Period. Most hospitals and clinical sites resumed operations and we were able to initial new clinical trial and site management projects and recruit new patients for our ongoing projects. We continued to mobilize internal resources and leverage our project execution capabilities with an aim to accelerate certain projects that were previously delayed due to the pandemic and address the increasing new demands from our customers. However, as of December 31, 2021, some hospitals and clinical sites in China were still unable to operate at their full capacity and efficiency as a result of existing pandemic control measures in place and reduced human and medical resources; certain candidates for clinical trial subjects still showed a lack of willingness to participate in clinical trials out of concerns on potential infection of COVID-19 at hospitals or clinical sites.

During the Reporting Period, there were intermittent and sporadic upticks of new local COVID-19 cases regionally at district or city level in China, which caused certain adverse impacts on projects with hospitals or clinical sites located in these regions and patients recruited from these regions. These impacts were generally confined at regional level, as under the State Council's prevailing risk-based Joint Prevention and Control Mechanism (國務院聯防聯控機制), when new local COVID-19 cases were found, the local government would take swift and necessary measures including massive nucleic acid testing and lockdown at district or city level to prevent further spread of the pandemic. Other regions with no local COVID-19 cases would generally not be impacted.

Multiple COVID-19 vaccines and therapies were approved for emergency use or formally approved in certain overseas countries and regions where we conduct our business. With the roll-out of massive COVID-19 vaccine inoculation campaigns and the increasing proportion of the population in these countries and regions getting fully vaccinated, the pandemic situation in these overseas countries and regions had generally improved with decreasing infection rate and fatality rate observed during the first half of 2021.

During the second half of 2021, the number of new infections surged in most of the overseas countries where we conduct our business as the Omicron variant became the most prevalent virus string compared to the wild type string or earlier variant strings. Although the new cases increased quickly, it appeared, from real world evidence, that the Omicron variant became less lethal than the wild type or earlier variant strings. Consequently, the Omicron wave did not cause significant adverse impacts on our overseas operations.

During the Reporting Period, we continued to engage in discussions with our customers, research institutions, and scientists on clinical trial projects for COVID-19 vaccines and therapies. As of December 31, 2021, we had multiple COVID-19 related clinical trial projects at hand, many of which are MRCTs. We attach high value to the corporate social responsibility associated with conducting COVID-19 related clinical trials.

For further analysis of the impact of the COVID-19 pandemic on the operation, financial condition and cash flows of our Group, please refer to other relevant subsections under "*Management Discussion and Analysis*".

1. The Management's Discussion and Analysis on Operations of the Group during the Reporting Period

Revenue

During the Reporting Period, our revenue increased by 63.3% YoY from RMB3,192.3 million to RMB5,213.5 million. Revenue generated from clinical trial solutions reached RMB2,993.7 million, representing a YoY growth of 97.1%. Revenue generated from clinical-related and laboratory services reached RMB2,219.8 million, representing a YoY growth of 32.7%.

Geographically, our revenue generated in the PRC increased by 44.5% YoY to RMB2,756.1 million in 2021, posting another year of robust growth on the back of strong customer demands and further recovery from the COVID-19 pandemic. Businesses in China that were negatively impacted by the COVID-19 pandemic during the Corresponding Period presented stronger YoY growth, including clinical operations, site management, patient recruitment and laboratory services.

Our overseas business increased by 91.1% YoY to RMB2,457.4 million in 2021. The strong growth was primarily contributed by revenue generated from COVID-19 related MRCTs during the second half of 2021. Increased demand of other MRCTs from our customers during the Reporting Period also contributed to the growth of our overseas revenue. The stronger RMB in 2021 had some negative impact on the growth of our overseas revenue that were mostly generated from USD denominated projects, including data management and statistical analysis and laboratory services.

*(1) Clinical Trial Solutions ("**CTS**")*

Revenue generated from our CTS segment during the Reporting Period increased by 97.1% YoY to RMB2,993.7 million from RMB1,519.2 million during the Corresponding Period. The strong growth is primarily due to (i) the increased revenue from our clinical trial operation and other services under the CTS segment including medical registration, scientific affairs, medical translation and pharmacovigilance services etc., and (ii) revenue generated from COVID-19 related MRCTs during the second half of 2021.

The growth of the revenue generated from our clinical trial operation service accelerated, mainly contributed by (i) further recovery from COVID-19 pandemic, (ii) continuing demands from our customers for clinical trials in China, and (iii) the increased overseas clinical trial and MRCTs projects including clinical trials for COVID-19 vaccines and therapies.

As of December 31, 2021, we had 567 ongoing drug clinical research projects, up from 491 as of June 30, 2021.

The following table sets forth a breakdown of our ongoing drug clinical research projects by phase as of the dates indicated:

	As of year/period end		
	December 31, 2020	**June 30, 2021**	**December 31, 2021**
Phase I (including PK studies)	150	193	231
Phase II	66	85	106
Phase III	117	137	148
Phase IV	28	39	37
Others[4]	28	37	45
Total	**389**	**491**	**567**

As of December 31, 2021, 385 ongoing drug clinical research projects were being conducted in the PRC and 182 being conducted overseas, of which 132 were single region trials and 50 were MRCTs. The 132 ongoing single region overseas clinical trials were primarily being conducted in South Korea, Australia and the U.S. The 50 ongoing MRCTs projects were being conducted in more than 20 countries across Asia Pacific, North America, Europe, Africa and Latin America with various therapeutical areas including oncology, vaccine, central nervous system, cardiovascular, and rare diseases etc.

The following table sets forth the breakdown of the number of our ongoing drug clinical research projects conducted in different geographic regions as of the dates indicated:

	As of year/period end		
	December 31, 2020	**June 30, 2021**	**December 31, 2021**
Single Region			
PRC	274	351	385
Overseas	95	111	132
MRCTs	20	29	50
Total	**389**	**491**	**567**

In 2021, we further strengthened our pharmacovigilance team with comprehensive services covering the full life cycle of drug development. As of December 31, 2021, our real-world evaluation team had initiate more than 20 real world studies for both drugs and medical devices. In 2021, we had completed 74 bioequivalence projects and had 161 ongoing bioequivalence projects as of December 31, 2021.

We also had 341 ongoing medical device projects as of December 31, 2021, including medical device and IVD clinical trial operation, medical monitoring, clinical trial design and medical writings. Our medical device clinical research team contributed to successful marketing approvals for 3 innovative medical devices and 2 artificial intelligent medical device software during the Reporting Period.

4 Others primarily consist of investigator-initiated studies and real-world studies

In 2021, our medical device clinical research team further expanded its presence in emerging areas such as digital health and medical robots. They also initiated multiple real-world device studies in Hainan Boao Lecheng Pilot Zone of International Medical Tourism and had expanded their service offerings by launching medical device regulatory consulting services. During the Reporting Period, our medical device testing lab also started to offer biological evaluation services to Class III devices and expanded its lab testing capability to cover ophthalmology devices.

Our medical registration and medical translation services continued their robust growth trend during the Reporting Period on the back of strong customer demands for our high quality and efficient services. Particularly, our medical registration team saw their new IND projects increased by 59% YoY and new US FDA-related IND projects increased by 417% during the Reporting Period, indicating strong interests for early-stage clinical trials in both China and the U.S. from our customers.

In 2021, we continued to strengthen our capability to offer comprehensive CTS services to our customers with a broad range of demands for solutions of their clinical programs. Meanwhile, we also continued our investments in technologies to broaden the scope of and improve the efficiency of our services. During the Reporting Period, we launched our in-house Risk-Based Quality Management ("**RBQM**") system, being the first of its kind in China. In 2021, we also rolled out our centralized digital clinical trial platform *Tailinyan (泰臨研)*, an all-in-one platform comprising Clinical Trial Management System ("**CTMS**"), Electronic Data Capture ("**EDC**"), eSource Record ("**ESR**"), Clinical Trial Remote Monitoring ("**CTRM**"), Electronic Trial Master File ("**eTMF**"), RBQM system and E-Site. *Tailinyan* significantly improves the efficiency of our CTS services, allows us to better engage with our customers, investigators, patients, and other participants in the clinical trial and provides greater flexibility to our clinical monitoring work.

*(2) Clinical-related and Laboratory Services ("**CRLS**")*

Revenue generated from our CRLS segment during the Reporting Period increased by 32.7% YoY to RMB2,219.8 million from RMB1,673.1 million during the Corresponding Period. The increase was primarily due to the increase in revenue from our laboratory services, site management and patient recruitment services, and Data Management and Statistical Analysis ("**DMSA**") services.

In 2021, our laboratory services further recovered from the COVID-19 pandemic as the pandemic in China was generally under effective control and the situation in North America had generally improved following massive COVID-19 vaccine inoculation campaigns.

Our laboratory services team were therefore able to work on more projects and recover some progress delayed by the pandemic during the Reporting Period, thus enabling us to realize a strong YoY growth on the revenue generated from laboratory services during the Reporting Period. Bolt-on acquisitions made by Frontage also contributed to the YoY increase of revenue of our laboratory services during the Reporting Period.

We had 2,516 ongoing projects for our laboratory services as of December 31, 2021, up from 2,029 as of December 31, 2020.

During the Reporting Period, Frontage continued to expand its capacity and capability in laboratory services in both North America and China. In February 2021, Frontage increased more than 6,200 sq.m of lab space in Lingang, Shanghai for additional capacity in large molecule bioanalytical, central lab and DMPK services. In April 2021, the construction work for the new safety and toxicity center began in Suzhou, China and was substantially completed by the end of the Reporting Period. During the same month, Frontage US initiated radioactive human absorption, metabolism and excretion ("**hAME**") services. In July 2021, the construction and installation work for a 6,600 sq.m new lab space in Pennsylvania was completed and the new lab was officially opened. In December 2021, the construction and installation work for the central lab in Shanghai was completed, and began to provide related services. During the same month, Frontage's subsidiary Acme Biopharma Co.(Shanghai) Ltd. opened its new 1,660 sq.m drug discovery lab with 10 cGLP compliant pharmaceutical chemistry labs.

Frontage also continued with three bolt-on acquisitions to expand our service offerings and geographical coverage in laboratory services throughout 2021. In April 2021, Frontage acquired Ocean Ridge Biosciences, Inc.'s genomics business based in Florida, the U.S. to expand its capacity and capability of genomics services. In June 2021, Frontage announced to acquire Quintara Discovery, Inc. based in San Francisco, the U.S. to expand its capacity and capability in the drug discovery space and to increase its client base, service capacity and business development presence on the west cost of the U.S. In September 2021, Frontage announced the acquisition of 70% equity interest in Heyan Biotech to bolster its presence in target-based in vitro pharmacodynamic screening and early pharmacological pharmacodynamic evaluation services in early drug discovery.

As of December 31, 2021, Frontage's bioanalytical lab in China had been inspected by NMPA for more than 110 times. Frontage had been inspected by the US FDA for more than 50 times.

Our site management and patient recruitment services also further recovered from the COVID-19 pandemic in 2021. With the effective control of the pandemic in China, most hospitals and clinical sites operated normally during the Reporting Period, although some of them not at their full capacity. Although some candidates for clinical trial subjects still showed a lack of willingness to participate in clinical trials over the fear of possible COVID infection at hospitals or clinical sites, our team were able to recruit more patients for clinical trials. Therefore, our revenue generated from site management and patient recruitment services posted a strong YoY growth during the Reporting Period.

Our site management team completed 203 projects in 2021 and had 1,432 ongoing site management projects as of December 31, 2021, up from 1,180 as of December 31, 2020. Our site management team was collaborating with 1,267 hospitals and clinical trial centers in 147 cities across China with over 2,700 professional Clinical Research Coordinators ("**CRC**") as of December 31, 2021.

During the Reporting Period, our DMSA team continued to receive orders from existing customers and acquire new customers in both China and overseas markets. Total number of DMSA customers increased to 163 as of December 31, 2021 from 116 as of December 31, 2020. As a result, revenue generated from our DMSA services during the Reporting Period realized stable YoY growth. Our DMSA team competed 157 projects in 2021 and had 743 ongoing DMSA projects as of December 31, 2021, of which 485 projects were being conducted by our team based in China and 258 projects by team based overseas. As of December 31, 2021, we had a DMSA team with more than 800 professionals based in China, South Korea, the United States and India.

During the Reporting Period, our DMSA team supported the successful approval of a global first-in-class drug by providing full suite of DMSA services during the pivotal clinical trial and Integrated Summary of Safety (ISS) and Integrated Summary of Efficacy (ISE) process with seamless collaborations across our DMSA teams in China and the U.S. Our DMSA team also continued their efforts on improving efficiency and level of automation during the Reporting Period.

The proportion of revenue generated from overseas is meaningfully higher than that of revenue generated in the PRC for our DMSA and laboratory services during the Reporting Period, and most of the overseas revenue is denominated in USD. As a result, the stronger RMB in 2021 had certain negative impact to the YoY revenue growth of our CRLS segment during the Reporting Period.

Gross Profit

In 2021, we realized a gross profit of RMB2,248.1 million compared to RMB1,503.3 million in 2020, representing a 49.5% YoY growth. Our gross profit margin decreased from 47.1% in 2020 to 43.1% in 2021.

Our cost of services increased by 75.6% from RMB1,688.9 million in 2020 to RMB2,965.4 million in 2021. Below is a breakdown of our cost of services by nature and their percentage of our revenue during the periods indicated:

	Year ended December 31,	
	2021	2020
	RMB million	*RMB million*
Direct labor costs	**1,495.8**	960.9
% of revenue	*28.7%*	*30.1%*
Direct project-related costs	**1,220.0**	550.4
% of revenue	*23.4%*	*17.2%*
Overhead costs	**249.6**	177.6
% of revenue	*4.8%*	*5.6%*
Total cost of services	**2,965.4**	1,688.9
% of revenue	*56.9%*	*52.9%*

(1) CTS

The gross profit of the CTS segment increased by 75.6% from RMB754.7 million in 2020 to RMB1,325.4 million in 2021, primarily driven by the increase of the service revenue generated from our CTS segment.

Under the CTS segment, the gross profit margin of our clinical trial operation business decreased YoY in 2021 as we worked on more MRCTs including certain COVID-19 related trials that included a higher portion of pass-through fees than our usual clinical trial projects. The higher portion of pass-through fees is primarily in relation to subcontracting components to third-party CROs in certain countries or regions where we do not operate locally, and to local hospitals in certain countries where we settled fees in relation to subject recruitments on our customers' behalf. Generally, when we make such pass-through payments on behalf of our customers, we will book revenue and the corresponding costs simultaneously, thereby lowering the gross profit margin.

The gross profit margins of other services under the CTS segment remained relatively stable in 2021 compared with those in 2020.

As a result, the gross profit margin of the CTS segment decreased to 44.3% in 2021 from 49.7% in 2020.

(2) CRLS

The gross profit of the CRLS segment increased by 23.3% from RMB748.6 million in 2020 to RMB922.7 million in 2021.

The gross profit margin of the CRLS segment decreased by 3.1% from 44.7% in 2020 to 41.6% in 2021, primarily due to (i) a decrease of the gross profit margin of our DMSA services because of the mismatch of our overseas DMSA revenue that was lowered by the stronger RMB in 2021, and the cost associated with the overseas DMSA revenue that was predominantly RMB denominated in 2021, and (ii) the faster YoY revenue growth of our site management business in 2021 as it further recovered from the COVID-19 pandemic. Site management business had a lower gross profit margin than other services under the CRLS segment. The decrease of the gross profit margin of our DMSA services was partially offset by the recovery of the gross profit margin of our laboratory services as the utilization rate of our lab facilities increased meaningfully YoY during the Reporting Period.

Other Income

Our other income during the Reporting Period increased by 103.4% YoY to RMB295.2 million from RMB145.1 million during the Corresponding Period, primarily due to the increase of interest income from RMB114.1 million to RMB259.0 million. The increase of interest income primarily came from bank deposits of unused proceeds received from our Hong Kong IPO in August 2020. The dividend income we received from financial assets at Fair Value Through Profit or Loss ("**FVTPL**") also increased from RMB1.7 million during the Corresponding Period to RMB11.4 million during the Reporting Period. The decrease of government grants we received from RMB27.4 million during the Corresponding Period to RMB23.9 million during the Reporting Period partially offset the increase.

Other Gains and Losses, Net

During the Reporting Period, we recorded other gains and losses (net) of RMB2,077.2 million, representing a 63.1% increase YoY from RMB1,273.6 million during the Corresponding Period. The increase is primarily contributed by RMB1,815.4 million change in fair value of financial assets at FVTPL recorded during the Reporting Period, compared with RMB1,137.9 million recorded during the Corresponding Period. The positive change in fair value of financial assets at FVTPL held by our Group is primarily due to the increase of valuation of certain companies invested by us or by investment funds of which we are a limited partner during the Reporting Period. The gain on disposal of subsidiaries also increased from RMB6.7 million during the Corresponding Period to RMB168.5 million during the Reporting Period, primarily contributed by partial share sales of certain companies we incubated to strategic and financial investors in 2021. The increase of other gains and losses (net) was partially offset by (i) a RMB14.2 million fair value loss of contingent consideration payables during the Reporting Period compared with a RMB0.1 million fair value gain of contingent consideration payables during the Corresponding Period, and (ii) decrease of the gain on disposal of associates to RMB4.9 million during the Reporting Period from RMB158.9 million during the Corresponding Period, which was primarily due to the recognition of a gain on the fair value change of our previously held interests in Mosim Medical Technology Co., Ltd ("**Mosim**") remeasured on the date when Mosim became a non-wholly owned subsidiary of our Group as we acquired additional equity interest in January 2020.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 34.0% YoY from RMB96.6 million during the Corresponding Period to RMB129.4 million during the Reporting Period. The increase is primarily due to (i) an increase of the number of employees in our sales and marketing team in both China and overseas, (ii) an increase of the compensation levels for our sales and marketing employees, and (iii) the increased cost incurred by our sales and marketing activities, as we continued to grow our business, expand our business development coverage and promote our brand name.

Administrative Expenses

Our administrative expenses increased by 38.5% YoY from RMB400.7 million during the Corresponding Period to RMB554.8 million during the Reporting Period. The increase is primarily due to (i) an increase in staff costs to our administrative and management personnel in China and overseas, (ii) an increase in share-based compensation under administrative expenses, (iii) increased costs associated with our new office in Hangzhou and certain overseas countries, and (iv) an increase in amortization of intangible assets including business software and acquired customer relationship and backlog.

Research & Development Expenses

Our research and development expenses increased by 35.2% YoY from RMB156.6 million during the Corresponding Period to RMB211.8 million during the Reporting Period. The increase is primarily due to (i) an increase in the total number of employees engaged in R&D activities and the increased compensation levels of these employees and (ii) an increase in investments made into innovation and technology development by our Group.

Finance Costs

Our finance costs decreased by 51.0% from RMB50.8 million during the Corresponding Period to RMB24.9 million during the Reporting Period due to the decrease of interest expense on bank borrowings from RMB34.0 million to RMB3.7 million.

Income Tax Expense

Our income tax expense increased by 54.4% from RMB189.7 million during the Corresponding Period to RMB292.9 million during the Reporting Period. Our effective tax rate decreased from 8.5% during the Corresponding Period to 7.9% during the Reporting Period, primarily due to (i) the increase in change in certain other gain items such as changes in fair value of financial assets at FVTPL during the Reporting Period, which are only partially taxable; and (ii) the decrease of deferred tax expenses recognized mainly from the change in fair value of financial assets at FVTPL.

Profit for the Year

As a result of the foregoing discussions, our profit for the year increased by 67.3% from RMB2,030.6 million during the Corresponding Period to RMB3,396.6 million during the Reporting Period. The profit attributable to owners of the Company increased by 64.4% from RMB1,751.3 million during the Corresponding Period to RMB2,879.1 million during the Reporting Period, and the profit attributable to non-controlling interests increased by 85.4% from RMB279.2 million to during the Corresponding Period to RMB517.5 million during the Reporting Period.

Non-International Financial Reporting Standards Measure

To supplement our financial information which are presented in accordance with IFRS, we use adjusted net profit attributable to owners of the Company as an additional financial measure, which is not required by, or presented in accordance with IFRS. We define adjusted net profit attributable to owners of the Company as profit for the year attributable to owners of the Company before certain expenses and amortization as set out in the table below. Adjusted net profit attributable to owners of the Company is not an alternative to (i) profit before tax, profit for the year or profit for the year attributable to owners of the Company (as determined in accordance with IFRS) as a measure of our operating performance, (ii) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs, or (iii) any other measures of performance or liquidity.

We believe that this non-IFRS measure is useful for understanding and assessing underlying business performance and operating trends, and that the owners of the company and we may benefit from referring to this non-IFRS measure in assessing our financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that we do not consider indicative of the performance of our business. However, the presentation of this non-IFRS measure is not intended to, and should not, be considered in isolation from or as a substitute for the financial information prepared and presented in accordance with the IFRS. The owners of the company and potential investors should not view the non-IFRS measures on a stand-alone basis or as a substitute for results under the IFRS, or as being comparable to results or a similarly titled financial measure reported or forecasted by other companies.

We define adjusted net profit attributable to owners of the Company as profit attributable to owners of the Company adjusted for (i) share-based compensation expense, (ii) net foreign exchange loss, (iii) amortization of intangible assets arising from acquisitions, (iv) listing expenses incurred by our Group, and (v) increase in fair value of financial assets at FVTPL. The following table sets out our adjusted net profit attributable to owners of the Company, and a reconciliation from profit attributable to owners of the Company to adjusted net profit attributable to owners of the Company for the periods indicated.

Adjusted net profit attributable to owners of the Company

	For the Year ended December 31,	
	2021	2020
	RMB million	*RMB million*
Profit attributable to owners of the Company	**2,879.1**	1,751.3
Adjusted for:		
Share-based compensation expense	**66.6**	35.8
Net foreign exchange loss	**11.2**	146.2
Amortization of intangible assets arising from acquisitions	**13.3**	6.7
Listing expenses	**–**	5.0
Increase in fair value of financial assets at FVTPL	**(1,384.9)**	(957.8)
Adjusted net profit attributable to owners of the Company	**1,585.3**	987.2
Margin of adjusted net profit attributable to the owners of the Company[(1)]	**30.4%**	30.9%
Adjusted earnings per share		
– Basic[(2)]	**1.83**	1.24
– Diluted[(3)]	**1.82**	1.23

Notes:

(1) The margin of adjusted net profit attributable to the owners of the Company is calculated using the adjusted net profit attributable to owners of the Company divided by revenue and multiplied by 100%.

(2) The basic adjusted earnings per share is calculated using the adjusted net profit attributable to owners of the Company divided by the weighted average number of ordinary shares for the purpose of calculated basic earnings per share.

(3) The diluted adjusted earnings per share is calculated using the adjusted net profit attributable to owners of the Company divided by the weighted average number of ordinary shares for the purpose of calculated diluted earnings per share.

(4) Numbers may not add up due to rounding.

Non-IFRSs adjusted net profit attributable to owners of the Company

During the Reporting Period, our Non-IFRSs adjusted net profit attributable to owners of the Company was RMB1,585.3 million, representing a YoY increase of 60.6% from RMB987.2 million during the Corresponding Period. Our margin of adjusted net profit attributable to the owners of the Company remained relatively stable from 30.9% during the Corresponding Period to 30.4% during the Reporting Period.

Cash Flows

	Year ended December 31,	
	2021	2020
	RMB in million	*RMB in million*
Net cash from operating activities	**1,162.7**	892.4
Net cash used in investing activities	**(2,521.6)**	(2,231.3)
Net cash (used in)/from financing activities	**(163.1)**	9,339.5

During the Reporting Period, our net cash generated from operating activities was RMB1,162.7 million, representing a 30.3% increase from the Corresponding Period. The increase was primarily due to the increase in service revenue, timely collection of receivables and increase in prepayments we received from our customers.

During the Reporting Period, our net cash used in investing activities was RMB2,521.6 million, representing a 13.0% increase from the Corresponding Period. The increase was primarily due to (i) RMB2,588.2 million cash used in purchase of financial assets at FVTPL and financial asset at fair value through other comprehensive income ("**FVOCI**"), (ii) RMB349.7 million cash used in purchase of property, plant and equipment, (iii) RMB318.5 million cash used in purchase of subsidiaries (net of cash acquired), and (iv) RMB592.4 million cash used in acquisition of associates. This increase was partially offset by (i) RMB987.8 million cash received from disposal of financial assets at FVTPL and (ii) RMB264.3 million cash received from bank deposit interests primarily in relation to the unused proceeds received from our Hong Kong IPO in August 2020.

During the Reporting Period, our net cash used in financing activities was RMB163.1 million compared with RMB9,339.5 million net cash received from financing activities during the Corresponding Period. We incurred RMB492.3 million new bank borrowings during the Reporting Period. Major cash outflows in financing activities during the Reporting Period were (i) a RMB499.9 million payment for repurchase of shares and (ii) a RMB262.2 million of dividends to owners of the Company, which was partially offset by a RMB173.3 million cash inflow from the non-controlling shareholders of our subsidiaries without change of our control.

The Group mainly uses Renminbi to hold cash and cash equivalents.

Liquidity and Capital Resources

The Group's principal sources of funds are cash generated from operation and H Share IPO, and we expect to utilize that to satisfy our future funding needs.

Trade, Bills and Other Receivables and Prepayments

Our trade, bills and other receivables and prepayments increased by 49.1% from RMB638.7 million as of December 31, 2020 to RMB952.0 million as of December 31, 2021, primarily due to (i) an increase in trade receivables from third parties from RMB531.8 million to RMB857.6 million; (ii) an increase in other receivables from third parties from RMB54.0 million to RMB74.2 million primarily from an increase in interest receivables from bank deposits; and (iii) an increase in prepayment to third parties for materials and services from RMB28.2 million to RMB59.2 million. The increase was partially offset by the decrease of consideration receivables from RMB69.6 million to RMB8.6 million in relation to our disposal of certain investments.

Trade and Other Payables

Our trade and other payables increased by 66.2% from RMB529.5 million as of December 31, 2020 to RMB880.0 million as of December 31, 2021, primarily due to (i) an increase in trade payables from RMB101.3 million to RMB125.7 million; (ii) an increase in bills payable from nil to RMB22.1 million as arranged with banks under secured credit facilities; and (iii) an increase in other payables from RMB428.3 million to RMB732.1 million primarily due to a RMB154.5 million one-time consideration payables in relation to certain acquisitions made by the Group and the increase of year-end bonus payables.

Contract Assets and Liabilities

Our contract assets increased by 55.9% from RMB824.7 million as of December 31, 2020 to RMB1,285.5 million as of December 31, 2021 due to the increase in total amount of contracts with our customers where revenue had been recognized but we have not yet billed our customers upon meeting the billing milestones as specified in our customer service agreements or work orders as we continued to grow our business.

Our contract liabilities increased by 62.9% from RMB484.6 million as of December 31, 2020 to RMB789.5 million as of December 31, 2021, as we continued to grow our business and bookings and had received more prepayments from our customers in relation to our service agreements or work orders with them.

Property, Plant and Equipment

Our property, plant and equipment increased by 75.3% from RMB400.5 million as of December 31, 2020 to RMB701.9 million as of December 31, 2021, primarily due to our procurement of experiment equipment and expansion in buildings and leasehold improvements for our offices, laboratory facilities and research capacity. Bolt-on acquisitions made by Frontage during the Reporting Period also contributed to the increase of our property, plant and equipment.

Intangible Assets

Our intangible assets increased 87.6% from RMB124.8 million as of December 31, 2020 to RMB234.1 million as of December 31, 2021, primarily due to the increase of customer relationship and non-competition clause from a number of bolt-on acquisitions made by our Group.

Right-of-use Assets

Our right-of-use assets increased by 42.3% from RMB332.6 million as of December 31, 2020 to RMB473.3 million as of December 31, 2021, primarily due to (i) the entering into new long term rental contracts by Frontage having come into effect during the Reporting Period, in relation to certain buildings and experiment equipment in relation to a U.S.-based laboratory facility, and (ii) the renewal of a previous leasehold property by way of entering into a new long term rental contract by our controlled subsidiary DreamCIS Inc. in South Korea.

Interest in Associates

Our interests in associates increased from RMB60.3 million as of December 31, 2020 to RMB738.8 million as of December 31, 2021 primarily in relation to the establishment of Hangzhou Taikun Equity Investment Fund Partnership (Limited Partnership)* (杭州泰鯤股權投資基金合夥企業(有限合夥)("**Hangzhou Taikun**") which we had 50.0% ownership as of December 31, 2021.

Financial assets at FVTPL and FVOCI

Our financial assets at FVTPL and FVOCI include listed equity securities, unlisted equity investments, unlisted fund investments and financial products. Our financial assets at FVTPL and FVOCI increased by 64.8% from RMB5,333.5 million as of December 31, 2020 to RMB8,789.1 million as of December 31, 2021. Such increase was primarily due to the increase in fair value of our financial assets at FVTPL and our continuing investment activities during the Reporting Period. The following table sets for a breakdown of our financial assets at FVTPL and FVOCI as of the dates indicated:

	As of December 31, 2021	As of December 31, 2020
	RMB'000	*RMB'000*
Non-current assets		
Financial assets at FVTPL		
– Listed equity securities	**105,519**	482,002
– Unlisted equity investments	**4,071,784**	2,060,600
– Unlisted fund investments	**4,569,041**	2,749,700
Financial assets at FVOCI		
– Unlisted equity investments	**13,531**	15,158
	8,759,875	5,307,460
Current assets		
Financial products	**29,180**	26,000
Total financial assets at FVTPL and FVOCI	**8,789,055**	5,333,460

Investments in companies and investment funds

During the Reporting Period, we continued to build and manage our investment portfolio through selective minority investments in the healthcare industry, funding innovative R&D efforts of emerging companies with a goal to forge long-term cooperative relationships and gain access to emerging business and innovative technologies. In addition to direct strategic investments in innovative start-ups, we also cooperate with investment funds to incubate promising biotech and medical device companies as a limited partner of these investment funds. We holistically manage our diversified investment portfolio with a view to drive mid to long-term values rather than focusing on the performances of any individual investment asset for short-term financial returns. We continued to make investments in the healthcare industry in accordance with our industry strategy during the Reporting Period. We spent cash generated from our operating activities and a portion of the proceeds received from our Hong Kong IPO in August 2020 as part of the intended use of proceeds to fund our investment activities.

As of December 31, 2021, we were a strategic investor in 123 innovative companies and other related companies in the healthcare industry, as well as a limited partner in 56 professional investment funds.

During the Reporting Period, we realized a gain of RMB392.6 million from exiting our investments in companies and investment funds, as measured by the exit amount against our initial investment cost, up from RMB226.2 million during the Corresponding Period.

Our investments in listed equity securities amounted to RMB105.5 million as of December 31, 2021, representing a 78.1% decrease from RMB482.0 million as of December 31, 2020. The decrease is primarily because of our divestitures of several publicly listed companies in our investment portfolio during the Reporting Period as a result of our investment decisions and strategies in line with our overall investment philosophy.

Our unlisted equity investments amounted to RMB4,085.3 million as of December 31, 2021, representing a 96.8% increase from RMB2,075.8 million as of December 31, 2020. The increase is primarily due to the increase of the fair value of unlisted equity investments we held, particularly certain early-stage companies focusing on new modality therapies, and more investments we made during the Reporting Period.

Our unlisted fund investments amounted to RMB4,569.0 million as of December 31, 2021, representing a 66.2% increase from RMB2,749.7 million as of December 31, 2020. The increase is primarily due to more investments we made into healthcare-focused funds and the increase of the fair value of unlisted fund investments we held since the Corresponding Period.

The movements of our financial assets at FVTPL and FVOCI during the Reporting Period are set forth below:

	Unlisted equity investments *RMB'000*	**Unlisted fund investments** *RMB'000*	**Listed equity securities** *RMB'000*	**Total** *RMB'000*
Opening balance	2,075,758	2,749,700	482,002	5,307,460
Additions	1,355,140	761,095	–	2,116,235
(Transfer to listed companies)/transfer from non-listed companies	(56,577)	–	56,577	–
Fair value change during the Reporting Period	768,604	1,157,089	(110,321)	1,815,372
Disposals of shares	(47,570)	(84,412)	(314,224)	(446,206)
Exchange realignment	(10,040)	(14,431)	(8,515)	(32,986)
Ending Balance	4,085,315	4,569,041	105,519	8,759,875

Indebtedness

Borrowings

The Group had RMB492.3 million outstanding borrowings as of December 31, 2021. All of the borrowings are RMB borrowings and fixed rate borrowings.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings from banks and other entities divided by total equity and multiplied by 100%, and it was 2.4% as of December 31, 2021.

Lease Liabilities

We had outstanding aggregated unpaid contractual lease payments (for the remainder of relevant lease terms) of RMB481.4 million as of December 31, 2021, up 45.3% from RMB331.3 million as of December 31, 2020, primarily due to (i) the entering into new long term rental contracts by Frontage having come into effect during the Reporting Period, in relation to certain buildings and experiment equipment in relation to a U.S.-based laboratory facility; (ii) the renewal of previous leasehold property by DreamCIS in South Korea. Of the aggregated lease liabilities as of December 31, 2021, RMB74.5 million are due within one year and RMB406.9 million would be due in more than one year.

Pledges over Assets of the Group

The Group had no pledges over assets of the Group as of December 31, 2021.

Contingent Liabilities

As of December 31, 2021, the Group had no contingent liabilities.

Capital Commitment

As of December 31, 2021, the Group had the total capital commitments entered but outstanding and not provided for in the financial statements amounting to approximately RMB1,619.0 million (December 31, 2020: approximately RMB1,291.1 million) and mainly included that not provided for the acquisition for the investments in the funds or companies was around RMB1,062.0 million (December 31, 2020: approximately RMB1,131.5 million).

In addition, during the year ended December 31, 2021, the Group entered a subscription agreement to subscribe 50% equity interests in an associate, Hangzhou Taikun (as defined below). The Group has committed to invest additional capital in Hangzhou Taikun, amounting to RMB9.5 billion. The capital commitment by the Group shall be paid subject to the notice to be issued by the general partner of Hangzhou Taikun according to the capital needs of Hangzhou Taikun.

Significant Investments Held

As of December 31, 2021, the Group did not hold any significant investments and none of the above mentioned investments constituted a significant investment to our Group. Saved for the investment as mentioned below, the Group has no other proposed significant investments as at the date of this announcement:

On July 12, 2021, Hangzhou Tigermed Equity Investment Partnership (Limited Partnership)* (杭州泰格股權投資合夥企業(有限合夥)) ("**Tigermed Equity**") and Hangzhou Tailong Venture Investment Partnership (Limited Partnership)* (杭州泰瓏創業投資合夥企業(有限合夥)) ("**Tailong Investment**"), the subsidiaries of the Company, entered into the partnership agreement with Hangzhou Industry Investment Co., Ltd.* (杭州產業投資有限公司) ("**HZ Industry Investment**") and HZ Hi-Tech Investment Co., Ltd.* (杭州高新創業投資有限公司) ("**HZ Hi-Tech Investment**") in relation to the formation of a fund, namely Hangzhou Taikun Equity Investment Fund Partnership (Limited Partnership)* (杭州泰鯤股權投資基金合夥企業(有限合夥)) ("**Hangzhou Taikun**"). The registered capital of Hangzhou Taikun shall be RMB20 billion, of which RMB200 million will be subscribed by Tailong Investment as the general partner, RMB9.8 billion will be subscribed by the Tigermed Equity as a limited partner, RMB5 billion will be subscribed by HZ Industry Investment as a limited partner and RMB5 billion will be subscribed by HZ Hi-Tech Investment as a limited partner.

Hangzhou Taikun was established on August 10, 2021 and became an associate of the Group. As at December 31, 2021, our Group has subscribed for RMB500 million of the registered capital of the Hangzhou Taikun.

Please refer to the announcements of the Company dated July 12, 2021 and August 23, 2021 and the circular of the Company dated July 23, 2021 for details.

Saved as the significant investment mentioned above, the Company has no other future plans for material investments or capital assets.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group had not conducted any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Treasury Policy

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved. The Group expects to fund its working capital and other capital requirements from various sources, including but not limited to cash flow generated from operations activities, and internal financing and external financing at reasonable market rates. Saving for Frontage and DreamCIS Inc. ("**DreamCIS**") as they are publicly listed, the Group's treasury activities are centralized. The Group generally deals with financial institutions with good reputation.

Core Competence Analysis

We believe that the following strengths have enabled us to differentiate from our competitors:

1. *China's leading clinical CRO with comprehensive services and an expanding global footprint*

   We are the leading clinical CRO in China. Having worked with over 1,200 clinical trial sites with NMPA certification in China since our inception, we have developed one of the most extensive clinical site networks in China. We also maintain one of the largest clinical CRO professional teams in China. Our industry expertise, extensive clinical trial institution network and strong professional team enable us to capture the growth opportunities in the fast-growing clinical CRO market in China and overseas. We offer comprehensive and integrated services and are also one of the first among all China-based clinical CROs to offer certain clinical-related services such as pharmacovigilance, medical imaging, real world study and scientific affairs etc. With our comprehensive service offerings, we offer a convenient, integrated R&D service platform to improve our customers' R&D efficiency and are well positioned to capture more business opportunities along the biopharmaceutical R&D value chain. We had made continuing efforts and investments into pioneering into new services and developing industry-leading technology to strengthen the comprehensiveness of our service offerings and increase the efficiency for both CTS and CRLS segments during the Reporting Period.

   Among all China-based clinical CROs, we have been a pioneer in global expansion and currently have presence across the Asia-Pacific region, North America, Europe, Latin America and Africa. As of December 31, 2021, we have a team of over 1,000 professionals based overseas out of 52 countries to provide various clinical trial, clinical trial related and laboratory services, our operations cover all major continents. Combining our China expertise with overseas presence, we have been entrusted by both Chinese and foreign customers to work on an increasing number of cross-border projects. As of December 31, 2021, we had 132 ongoing single region clinical trials overseas, primarily in South Korea, Australia and the U.S., up from 95 ongoing single region clinical trials overseas as of December 31, 2020. We also had 50 ongoing MRCTs as of December 31, 2021, compared with 20 ongoing MRCTs as of December 31, 2020. Our ongoing MRCTs were being conducted in Asia Pacific, North America, Europe, Africa and Latin America with various therapeutic areas including oncology, vaccine, central nervous system, cardiovascular, and rare diseases etc.

2. *Industry-leading quality standards and project delivery capabilities*

We earn our customers' trust by expediting their R&D projects without compromising high-quality standards. We have established a comprehensive project management framework with robust quality control standards. Our quality management system encompasses all stages throughout each project, from clinical design and project planning to quality control and quality assurance ensuring high-quality service and on-time delivery. We implement comprehensive SOPs which are regularly updated by our quality assurance department to ensure compliance with applicable laws and regulations. We continuously review and improve the performance of our quality management system based on customer feedback and global best practices. Our commitment to high-quality and accelerated delivery has contributed to our track record of excellence. Our track record of accelerated project delivery also differentiates our services from those offered by our competitors. With our integrated service offerings, extensive network of clinical trials and strong professional team, we are able to quickly and effectively identify clinical sites, accelerate patient recruitment, and manage and execute complex projects within minimal lead time. We have helped our customers in the clinical development of various first-to-market drugs and emerging therapies such as gene and cell therapies. Our track record has led to industry-wide recognition of the quality and speed of our services.

3. *Visionary and experienced management team supported by talented and dedicated employees*

The biopharmaceutical R&D process is highly customized based on the project's drug profile, selection of patients and clinical trial sites and geographic location. Such uniqueness, coupled with the importance attached to these projects and the complexity of project management and quality control, requires a well-trained and talented team with significant industry know-how that cannot be easily replicated in a short period of time. Led by a visionary and experienced management team with extensive experience in the clinical CRO and biopharmaceutical industries, we have built a culture of excellence through which we attract and retain our talent to deliver high-quality services to our customers. Our co-founders, Dr. Ye Xiaoping and Ms. Cao Xiaochun, both widely recognized as pioneers of China's clinical CRO industry, bring a wealth of industry expertise and leadership to support our long-term growth. In addition, many of our members of management have previously worked at leading global and Chinese biopharmaceutical companies, and as such have first-hand knowledge of the challenges our customers may face in today's clinical development environment.

Our talented and dedicated employees set us apart from our competitors. Their technical and therapeutic expertise, combined with extensive know-how accumulated in managing complex R&D projects, contribute to our long track record of high-quality and efficient project delivery. We focus on recruiting high-quality graduates from college and helping them grow within our organization. For example, to educate and train medical talent in China, we launched Tigermed Institute with over 20 universities to provide college students with hands-on training in clinical trial operation and site management, which has allowed us early access to a large and quality talent pool.

We offer competitive compensation to our employees, including a variety of long-term share-based incentive schemes (including the share option scheme and share award scheme adopted by our controlled subsidiaries DreamCIS and Frontage respectively during the Reporting Period). Together with our senior management, our talented and dedicated employees underpin our competitive strengths and contribute to our market leadership, which in return enhances our ability to attract and retain talents.

4. Broad, high-quality and loyal customer base

We have a broad, high-quality and loyal customer base, including both leading multinational and Chinese biopharmaceutical companies, as well as small- and medium-sized biotechnology companies and medical device companies with projects sponsored spanning a broad range of therapeutic areas and stages of biopharmaceutical R&D. During the Reporting Period, six out of our top 20 customers by revenue are top multi-national pharmaceutical companies[1] and 16 out of our top 20 customers by revenue in 2021 are publicly listed. We also saw meaningful revenue growth from top domestic pharmaceutical companies[2], top multi-national pharmaceutical companies, and largest Chinese biotech companies[3] during the Reporting Period.

This growing and diversified customer base enables us to continuously develop our expertise across different areas and drive synergies among our comprehensive service offerings. We have helped our customers successfully secure approvals of a variety of milestone drugs in China. We achieved a 100% YoY customer retention rate for our top ten customers by revenue during the Reporting Period. We focus on growing with our customers to develop long-term relationships. We have provided services for over five years to many of our top customers across a variety of service offerings. Our long-standing customer relationships not only provide strong stability and visibility to our future revenues, but also allow us to invest more in optimizing our offerings to meet evolving customer needs.

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1 Multi-national pharmaceutical companies with more than US$20bn sales in 2021

2 Top 10 companies in 2020 Top 100 Chinese Pharma Company Ranking (2020年度中國化藥企業TOP100排行榜)

3 By closing market capitalization as of February 11, 2022

5. Strong track record of strategic acquisitions and investments driving long-term growth

Our strategic acquisitions and investments enable us to foster a flourishing ecosystem that contributes to our sustainable, long-term growth. Through strategic acquisitions, we have broadened and diversified our service offerings throughout the biopharmaceutical R&D process and expanded our geographical footprint. We have acquired and integrated DreamCIS, a leading Korea-based clinical CRO, which marked our first acquisition in a developed market and provided us with experience and know-how that are critical to address the needs of our customers expanding globally. We have also added capabilities in laboratory services through the acquisition of Frontage providing laboratory and bioequivalence clinical study services in both China and the United States, and medical device clinical trials through acquiring Taizhou Tigermed-Jyton Medical Tech. Co. Ltd.* (泰州泰格捷通醫藥科技有限公司). As a key industry stakeholder committed to innovation, we have also made minority investments in innovative biopharmaceutical and medical device start-ups. Our industry reputation, experience and expertise have allowed us to identify attractive early-stage investment opportunities and build a diversified investment portfolio. We have provided start-ups with funding support and, in some cases, offered integrated R&D solutions to their ongoing projects. Through our strategic investments, we aim to forge long-term cooperative relationships with these companies and promote innovation in China's and the global biopharmaceutical industry. In addition to opportunities for financial returns, we believe these investments give us access to emerging technologies, acquire potential customers and capture additional business opportunities as these start-ups grow and succeed.

Other Events

1. On January 8, 2021, the Company convened the 2021 first extraordinary general meeting of the Company to consider and approve the "Resolution on 2020 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and its summary" and relevant resolutions, pursuant to which, the Company was approved to implement the 2020 A Share Employee Share Ownership Plan.

2. On January 14, 2021, the Company convened the tenth meeting of the fourth session of the Board to consider and approve the "Resolution on the Non-trading Transfer of Shares from the Special Account for Share Repurchase to the Special Account for 2020 A Share Employee Share Ownership Plan", pursuant to which, the Company was approved to transfer 286,372 Shares at RMB44.25 per Share, the average transaction price of the repurchased shares, from the special account for share repurchase to the special account for "Hangzhou Tigermed Consulting Co., Ltd. – Phase I Employee Stock Ownership Plan" in a non-trading manner.

3. On January 22, 2021 (Hong Kong time), the board of directors of Frontage (the subsidiary of the Company) approved the adoption of the share award scheme (the "**2021 Share Award Scheme**") for the purpose of, inter alia, recognising the contributions of certain employees of Frontage Holdings Group and attracting suitable personnel for further development of Frontage Holdings Group. The 2021 Share Award Scheme, as a discretionary scheme of Frontage, does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval is required for the adoption of the 2021 Share Award Scheme.

4. On January 25, 2021 (New York time), the board of Frontage have resolved to grant a total of 22,950,500 awarded shares of Frontage to 184 award participants pursuant to the terms and conditions of the 2021 Share Award Scheme. Of the 22,950,500 awarded shares of Frontage, (i) 19,850,500 awarded shares of Frontage were granted to 182 non-connected award participants, all being employees of the Frontage Holdings Group who are not connected persons of Frontage; and (ii) 3,100,000 awarded shares of Frontage were granted to Dr. Song Li and Dr. Zhihe Li, the executive directors of Frontage, which were approved by the independent shareholders of Frontage and complied with applicable requirements under Chapter 14A of the Listing Rules.

   As at the date of this announcement, no awarded shares of Frontage granted under the 2021 Share Award Scheme have been vested. For further details of the 2021 Share Award Scheme, please refer to Frontage's announcements dated January 22, 2021, January 26, 2021 and February 5, 2021.

5. On February 1, 2021, non-trading transfer of Shares for the 2020 A Share Employee Share Ownership Plan was completed. A total of 286,372 Shares, accounting for 0.0328% of the Company's total share capital, has been transferred from the special account for share repurchase to "Hangzhou Tigermed Consulting Co., Ltd. – Phase I Employee Stock Ownership Plan" in a non-trading manner on February 1, 2021 at a price of RMB44.25 per Share. This part of Shares will be locked in accordance with related regulations, and the lock-up period will be 12 months from the date of announcement of completed transfer (i.e. February 1, 2021).

6. On March 11, 2021, DreamCIS, the subsidiary of the Company, proposed to adopt a share option scheme (the "**DreamCIS 2021 Share Option Scheme**") to provide incentive or reward to directors or employees of DreamCIS for their contribution to, and continuing efforts to promote the interests of DreamCIS and its subsidiaries. On March 26, 2021, an extraordinary general meeting of the Company was held to approve the adoption of DreamCIS 2021 Share Option Scheme, under which, the total number of DreamCIS share which may be issued upon exercise of options to be granted pursuant to the DreamCIS 2021 Share Option Scheme will not exceed 559,597, representing 10% of the total DreamCIS shares in issue at the date of approval of the DreamCIS 2021 Share Option Scheme.

   As at the date of this announcement, no awards have been granted under the DreamCIS 2021 Share Option Scheme. For further details of the DreamCIS 2021 Share Option Scheme, please refer to the Company's circular dated March 11, 2021.

7. On July 12, 2021 and August 9, 2021, the Resolution on the Establishment of a Biomedical Industry Fund (《關於發起設立生物醫藥產業基金的議案》) was considered and approved at the fifteenth meeting of the fourth session of the Board and the 2021 third extraordinary general meeting, respectively, pursuant to which, Tigermed Equity, an investment platform of the Company, intended to jointly establish Hangzhou Taikun with Tailong Investment, HZ Industry Investment and HZ Hi-Tech Investment. The total target capital contribution of Hangzhou Taikun is RMB20,000,000,000, and Tigermed Equity will contribute RMB9,800,000,000 as a limited partner, representing a contribution ratio of 49%. Tailong Investment will contribute RMB200,000,000 as a general partner and the fund manager, representing a contribution ratio of 1%. Tigermed Equity is a limited partner of Tailong Investment and will contribute RMB198,000,000, representing 99% of total capital contribution of Tailong Investment. For details, please refer to the announcements of the Company on July 12, 2021 and August 23, 2021 and the circular of the Company dated July 23, 2021.

8. On August 10, 2021, the Company convened the seventeenth meeting of the fourth session of the Board to consider and approve the Resolution on Appointment of Co-President of the Company (《關於聘任公司聯席總裁的議案》), pursuant to which, the Company appointed Mr. Wu Hao as the co-president of the Company, with a term commencing from the date of consideration and approval by the Board and ending on the expiry of the term of the fourth session of the Board. For details, please refer to the announcement of the Company on August 10, 2021.

9. On August 25, 2021, the Company convened the eighteenth meeting of the fourth session of the Board to consider and approve the Resolution on the Share Repurchase Plan of the Company (《關於回購公司股份方案的議案》), pursuant to which, the Company planned to conduct share repurchase with its own funds or self-raised funds. The total amount of funds for share repurchase shall not be less than RMB250,000,000 and not more than RMB500,000,000, and the price for share repurchase shall not exceed RMB190.00 per share. Such portion of shares repurchased will be used for subsequent equity incentive plans or employee stock ownership plans. The term of the share repurchase shall be 12 months from the date of consideration and approval of the share repurchase plan by the Board. On August 31, 2021, the Company repurchased 2,238,900 shares of the Company for the first time through the special securities account for share repurchase by centralized price bidding, representing 0.2566% of the total share capital of the Company. As of the end of the Reporting Period, the Company repurchased a total of 3,559,850 shares of the Company through the special securities account for share repurchase by centralized price bidding. The cumulative number of shares repurchased accounted for 0.408% of the total share capital of the Company. The highest and lowest trading prices were RMB164.00 per share and RMB128.15 per share, respectively. The total transaction amount was approximately RMB499,948,805 (excluding transaction costs). For details, please refer to the announcement of the Company on August 25, 2021 and the next day disclosure returns of the Company on September 1, October 8, October 27, October 28, October 29 and November 1, 2021.

10. On September 17 and October 15, 2021, the Company convened the nineteenth meeting of the fourth session of the Board and the 2021 fifth extraordinary general meeting, respectively to consider and approve the Resolution on the Election of Directors and Members of the Special Committees of the Board (《關於選舉公司董事及董事會專門委員會委員的議案》), pursuant to which, Mr. Wu Hao was elected as a Director and a member of the Strategy Development Committee of the Board, with a term commencing from the date of consideration and approval by the general meeting of the Company and ending on the expiry of the term of the fourth session of the Board. For details, please refer to the announcements of the Company on September 17, 2021 and October 15, 2021 and the circular of the Company dated September 24, 2021.

11. On September 17, 2021, Mr. Jun Gao, the deputy general manager, chief financial officer and secretary to the Board of the Company, tendered his resignation as the deputy general manager, chief financial officer and secretary to the Board of the Company due to personal reasons. Following his resignation, Mr. Jun Gao will cease to hold any position in the Company. On the same day, the Company convened the nineteenth meeting of the fourth session of the Board to consider and approve the Resolution on the Appointment of the Chief Financial Officer of the Company (《關於聘任公司財務負責人的議案》) and the Resolution on the Appointment of the Secretary to the Board and the Representative of Securities Affairs of the Company (《關於聘任公司董事會秘書及證券事務代表的議案》), pursuant to which, it was agreed to appoint Ms. Cao Xiaochun as the chief financial officer of the Company, Ms. Li Xiaori as the secretary to the Board and Ms. Ruan Xinhui as the representative of securities affairs of the Company, each with a term commencing from the date of consideration and approval at the nineteenth meeting of the fourth session of the Board and ending on the expiry of the term of the fourth session of the Board. For details, please refer to the announcement of the Company on September 17, 2021.

12. On September 17, 2021 and October 15, 2021, the Company convened the nineteenth meeting of the fourth session of the Board and the 2021 fifth extraordinary general meeting, respectively to consider and approve the proposed amendment to the articles of association to cope with the need of the Company's development and better governance structure. Please refer to the announcements of the Company dated September 17, 2021 and October 15, 2021 and the circular of the Company dated September 24, 2021 for details.

2. The Management's Discussion and Analysis on Future Development of the Company

Industry and Business Outlook

Since its inception in 2004, the Company has established a comprehensive suite of drug and medical device R&D service offerings. Our extensive experience in R&D projects and robust quality management system, coupled with a team of experienced professionals and comprehensive knowledge in drug administration and regulatory policies, enable us to help our customers develop drugs and medical devices efficiently and expeditiously in an environment with heightened regulatory scrutiny and increasingly complex R&D processes. Benefiting from the fast-changing pharmaceutical industry and reform of the regulatory review system and relying on our good reputation and proven track record over the years, we have grown into the largest clinical contract research organization (CRO) in China with a nationwide network of collaborating clinical trial sites and one of the largest clinical research teams in China. The Company provided services for 52.9% of Class I innovative drugs approved in China from 2016 to 2021.

We envisage a continued growth of the global clinical CRO industry, driven by the increasing R&D expenditures and project difficulty and complexity, higher cost control and R&D risk management requirements, and strong willingness of the emerging biotech companies for R&D outsourcing. The clinical CRO industry in China is expected to outgrow the rest of the world driven by multiple tailwinds including the sufficient clinical resources and huge unmet medical needs brought by the huge population, the further investments in innovative drugs, the increasingly mature and stringent regulatory system, the demand for diversified, one-stop clinical CRO services, and the increasing cross-border clinical trial projects.

Over recent years, policies on China's healthcare industry have been generally aligned with overall strategies at the national level. The policy trend is expected to remain focused on innovation, accessibility and affordability. From the regulatory perspective, the regulations governing the registration and clinical trials are expected to further conform with the prevailing ICH-GCP standard, in which the patient-focused drug development and the clinical value of R&D projects will be given more emphasis.

Meanwhile, the clinical CRO industry is set to remain competitive and continue to adapt, innovate and evolve. Biopharmaceutical and medical device companies have more overseas clinical projects and international multi-center clinical projects against a backdrop of globalization and hence require clinical CROs to help them manage their overseas clinical trials and multiple-region clinical trials and navigate through different drug administration and regulatory policies across countries. More advanced technologies are expected to be adopted by clinical CROs to help their customers better address complex and unprecedented R&D challenges with an aim to develop innovative and effective therapies, and the full use of more advanced technologies is expected to further increase the level of digitalization and utilization of data resources of clinical CROs.

Against the backdrop of the industry, while we believe we are poised to distinguish ourselves and maintain our strong competitiveness in the industry through, among other things, our market position in China's clinical CRO industry with diverse services, we need to prepare ourselves for the evolvement of CRO industry both in China and globally.

Our certain emerging business lines have achieved strong growth, including pharmacovigilance, real world study, early-stage R&D and scientific affairs, medical translation, medical influence services, etc. Looking ahead, we plan to further strengthen and diversify our service offerings to gain more market share and new business opportunities. We will continue to build up our team's scientific literacy and expertise, so as to better provide high-quality services to customers in their increasingly complex R&D projects. For example, we plan to strengthen our expertise in advanced drug targets and therapeutic areas such as RNA, gene and cell therapies. Meanwhile, we plan to further invest in and enhance our quality system, project management and delivery capabilities and regulatory know-how. Through organic expansion and strategic acquisitions, we also plan to explore new services and technologies such as real-world evaluation and risk-based monitoring, as well as complex data analytics. During the Reporting Period, we launched Tailinyan (泰臨研), an integrated digital clinical trial platform integrating modules such as CTMS, electronic data collection system, electronic source record (ESR), CTRM, electronic Trial Master File (eTMF), E-Site, and RBQM. In particular, our self-developed RBQM system is the first of its kind among domestic peers. In the future, the Company will also continue to develop new models of remote and intelligent clinical trial services based on big data and digitalization. In addition, we will further explore opportunities relating to clinical research hospitals and sites in China, including expanding our E-Site network, to provide more and better clinical development and site resources to our customers.

China is becoming an integral part of the global healthcare market, as witnessed by more Chinese biopharmaceutical companies launching global R&D projects and more foreign biopharmaceutical companies conducting projects in China. In view of this trend, we aim to leverage our overseas presence to assist our Chinese customers in their global trials while exploring business opportunities with global biopharmaceutical companies conducting projects, including MRCTs, both in China and overseas. We plan to further expand our global presence, particularly in the United States, Europe and major emerging countries, through organic growth and strategic acquisitions or investments, and invest in other geographic locations that are critical to addressing the needs of both multinational and Chinese customers. We are developing a talent management and training system dedicated to serving cross-border and multi-regional R&D projects. We also expect to upgrade our global clinical research services through improving our operating standards, global project coordination and management capabilities, overseas business development and marketing skills.

Technology plays a vital role in biopharmaceutical R&D by enhancing quality and improving efficiency with integrated and advanced solutions. We will continue to invest in emerging technologies that can improve our service efficiency and enhance our service capabilities and offerings. We will also invest in our fundamental technology and data infrastructure to better meet such future technology development and operational needs. In addition, we aim to explore potential cross-industry collaborations with business partners to generate synergy and develop more innovative solutions for our customers.

We cannot grow our business without the support from our customers. We have a high-quality and diversified customer base. In 2021, six out of our top 20 customers are large multi-national pharmaceutical companies (with more than US$20 billion sales in 2021), and 16 are listed companies. Looking ahead, we will continue to deepen our relationships with existing customers by expanding our service offerings through diversified collaborations, leveraging our extensive project experience across different R&D stages and various therapeutic areas. Moreover, we will continue to invest in and incubate promising early-stage biotech and medical device companies to drive their development, which will provide us with access to potential customers and business opportunities while obtaining potential investment income. We also aim to further expand our customer base and attract new customers with innovative and differentiated product pipelines and recurring business needs for multiple R&D projects and diversified services. To achieve these goals, we will continue to invest in our business development and marketing efforts, enhance the expertise and customer reach of our business development team, and equip them with more technical and service resources to further attract and serve new customers across different fields and markets.

Our staff are most crucial to our ability to provide consistent high-quality services to customers. We seek to attract top talent, especially inter-disciplinary talents, industry experts and technical specialists with global experience to support our global expansion, while continuing to improve our employee recruiting, training and development programs and long-term incentive schemes to retain talents.

Potential Risks

1. Risk of COVID-19 pandemic, and other emergencies or force majeure events

Our business operations and financial performance have been adversely affected by the COVID-19 pandemic, and may continue to be affected by the COVID-19 pandemic in the future. Furthermore, we may in the future experience additional disruptions that could materially and adversely impact our projects, business, financial condition and results of operations. To the extent the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening certain other risks, such as those relating to our ability to attract and retain customers, our ability to collect payments from our existing and future customers, our ability to recruit healthy volunteers and patients for our clinical trials and our ability to conduct R&D projects with high quality and timely delivery. The extent to which the COVID-19 pandemic may impact our business will depend on future developments, which are uncertain and unpredictable at the moment.

In addition, any future occurrence of force majeure events, natural disasters or outbreaks of other epidemics and contagious diseases, may materially and adversely affect our business, financial condition and results of operations. Although we have formulated a business continuity plan to facilitate the recovery of key operations, functions and technologies before, during and after emergencies or destructive events in a timely and organized way, so as to enable our Group to develop its business on a feasible and stable basis. However, if the our business continuity plan fails to cope with the impact of relevant emergencies and force majeure, it may materially adversely affect the Company's business, finance, operating results and future prospects.

2. *Risk of reduction in demand for biopharmaceutical R&D services*

The success of our business depends primarily on the number and size of service contracts with our customers, who are mostly biopharmaceutical and medical device companies. Over the past several years, we have benefited from increasing demand for our services from our customers because of the continued growth of the global pharmaceutical market, increasing R&D budgets of our customers, and a greater degree of outsourcing by our customers. Any slowing or reversal of any of these trends could have a material and adverse effect on the demand for our services. Furthermore, if investments in pharmaceutical industries were to decrease as a result of decreased cash flows generated by companies or decreased willingness in invest by external investors, the demand for outsourced biopharmaceutical R&D services from companies in such industries may also decrease. If our customers reduce their spending on our services, our business, financial condition, results of operations and prospects could also be materially and adversely affected.

3. *Risk of failure in adapting to updates or changes in regulations/policies*

The biopharmaceutical R&D industry is usually heavily regulated by relevant local regulators in countries and regions where we operate or our services are delivered. In developed countries, the regulations and policies governing the biopharmaceutical R&D industry are generally well established. In China, the local government and NMPA have been gradually developing and refining relevant regulations and policies governing biopharmaceutical R&D activities in China. Whilst we have attached great importance to the latest development of these regulations and policies, our business, financial condition and results of operations could be adversely affected if we fail to timely adapt to any updates or changes of these relevant regulations or policies by formulating an updated operating strategy.

4. *Risk of increasing competition*

The global pharmaceutical CRO market is increasingly competitive. We face competition in several areas, including price, quality of services, breadth and flexibility of services, capacity, timeliness of delivery of services, compliance with regulatory standards and customer relationships. We compete with multinational CROs and domestic, small to medium-sized CROs. In addition, we compete with the in-house development teams of our customers. If we are not able to compete effectively with existing competitors or new, our business, financial condition and results of operations could be adversely affected. Furthermore, increased competition could create pricing pressure on our services, which could reduce our revenue and profitability.

5. Risk of failure in business expansion and strategy implementation

We expect to continue growing our business in the future and hence will continue to diversify our service offerings and enhance our global presence. As such, we will need to continuously enhance and upgrade our services and technology, optimize our branding, sales and marketing efforts, and expand, train and manage our employees. All these efforts will require significant managerial, financial and human resources. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful and our business, financial condition and results of operations may be materially and adversely affected.

6. Risk of failure in complying with existing or future changes in laws, regulations or industry standards

Government agencies and industry regulatory bodies around the world impose strict regulations or industry standards on how customers develop, test, study and manufacture drugs, medical devices, and biologics and how CROs and other third parties acting on customers' behalf perform such regulated services. Given the wide range of services the Company performs for its customers and its diverse geographic coverage, the Company is subject to various applicable legal and regulatory requirements around the world. In addition, the Company has attached great importance to comply with laws, regulations and industry standards during its operations and will continue to invest in the enhancement of our quality management system and compliance procedures. If the Company fails to comply with any laws, regulations or industry standards in the future in geographies where it operates, its business, financial condition and results of operations will be materially and adversely affected. Further, regulatory authorities may from time to time change their legal and regulatory requirements. Therefore, if the Company's existing quality management system and compliance procedures fail to adequately meet new legal and regulatory requirements, the Company may need to incur additional compliance costs and become exposed to negative findings of relevant governmental authorities, which may cause material and adverse impact to its business, financial condition and results of operations. In addition, if there are any action taken against the Company by governmental regulators for violating the relevant laws, regulations or industry standards, even if successfully defended or settled in the end, could cause the Company to incur relevant legal expenses, divert management's attention from the operation of the Company's business and adversely affect its reputation, business, financial condition and results of operations.

7. Risk of failure in obtaining or renew certain regulatory approvals, licenses, permits and certificates required for business

We are required to obtain and maintain numerous approvals, licenses, assurances, accreditations, permits, registrations, and certificates from relevant authorities to operate our business. If we or our business partners fail to obtain approvals, registrations, licenses, assurances, accreditations, permits and certificates necessary for our operations or to comply with the terms, conditions, and requirements thereunder, enforcement actions may be taken against us, including suspension or termination of licenses, approvals, assurances, accreditations, permits, registrations, and certificates, orders issued by the relevant regulatory authorities causing operations to cease, fines and other penalties, and may include corrective measures requiring capital expenditure or remedial actions. If such enforcement action is taken, our business operations could be materially and adversely disrupted. In addition, some of these approvals, licenses, assurances, accreditations, permits, registrations, and certificates are subject to periodic renewal by the relevant authorities, and the standards of such renewals may change from time to time. If we fail to obtain the necessary renewals and otherwise maintain all approvals, licenses, registrations, assurances, accreditations, permits and certificates necessary to carry out our business at any time, our business could be severely disrupted or discontinued, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, the interpretation or implementation of existing laws and regulations may change and new regulations may come into effect requiring us to obtain any additional approvals, permits, licenses, registrations, assurances, accreditations or certificates that were previously not required to operate our existing businesses, facilities or any planned future business or facilities. Failure to obtain the additional approvals, permits, licenses or certificates may restrict our ability to conduct our business, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

8. Risk of failure in meeting customers' expectations

If our customers determine that their expenditures on our services do not generate the expected results, they may allocate a portion or all of their budgets to our competitors, and reduce or terminate their business with us. We may not be able to replace customers which decrease or cease their purchase of our services with new customers that spend at similar levels or more on our services. As a result, we may suffer from a loss of customers and may fail to attract new customers, and our ability to maintain and/or grow our revenues could be materially and adversely affected.

9. Risk of losing key customers and contracts

If our key customers significantly reduce their spending on our services, or terminate their business relationship with us, our business, financial condition, and results of operations could be materially and adversely affected. In addition, if multiple of our contracts or a large contract are terminated, delayed, or altered in the normal course of business, our business, financial condition, and results of operations could be adversely affected.

10. Risk of acquisitions and investments

We have historically grown our business in part through a number of acquisitions and investments and expect to continue to make selective acquisitions and investments in the future. If we fail to identify suitable acquisitions or investments targets, or made acquisitions or investments that are not successful, we may fail to realize our anticipated returns from such transactions. Our business, financial condition and results of operations could also be adversely affected.

11. Risk of failing to attract, train, motivate and retain talents

Along with our continued expansion, we have established an experienced talent pool with strong project management and R&D capabilities. Skilled and talented personnel help us keep pace with the latest developments in R&D technologies and methodologies in the pharmaceutical and medical device industries, and are therefore critical to our success. Our business operations also rely on personnel possessing highly technical skills for our project management, quality control, compliance, safety and health, information technology and marketing. In order to develop and retain our talent, we provide continuous training programs to our employees through various symposiums, forums and lectures. We also offer employee share incentive programs to our key employees and thus provide them with an opportunity to share in the growth of our business. We intend to continue to attract and retain skilled personnel. However, as there is a limited supply of qualified personnel with the necessary experience and expertise, and such talent is highly sought after by pharmaceutical companies, medical device companies, CROs and research institutions, we have to provide competitive compensation and benefits packages to attract and retain talent. We may not always be able to hire and retain the requisite number of qualified personnel to keep pace with our anticipated growth while maintaining consistent service quality. Our expenses to recruit and retain talent are expected to continue to increase along with the growth of the CRO market in China and around the world. If there is a significant increase, our business, financial condition and results of operations may be adversely affected. In addition, we may not always be successful in training our professionals to quickly adapt to technological advances, evolving standards and changing customer needs, and the quality of our services may therefore be severely affected. If there is any failure to attract, train or retain skilled personnel, our reputation, business, financial condition, results of operations and prospects could be materially and adversely affected.

12. Risk of talent loss

Our Directors and our senior management have been instrumental in achieving our historic growth and are crucial to our success. If we lose the services of any of our Directors or our senior management, we may not be able to replace them with suitable and qualified candidates and may incur additional expense to recruit and train new personnel, which could disrupt our business and growth. Furthermore, as we expect to continue to expand our operations and develop new services and products, we will need to continue attracting and retaining experienced management and key technical and scientific personnel. Competition for these talents is intense, and the availability of suitable and qualified candidates is limited. We may be unable to attract or retain such personnel required to achieve our business objectives and failure or delay in doing so could materially and adversely impact our competitiveness, business, financial condition and results of operation.

13. Risk related to our financial assets at FVTPL

The fair value of our financial assets at FVTPL, including listed equity securities, unlisted equity investments, unlisted fund investments, unlisted debt instruments and financial products, are subject to changes beyond our control. During the Corresponding Period and the Reporting Period, we recorded positive changes in fair value of financial assets at FVTPL in the amount of RMB1,137.9 million and RMB1,815.4 million, respectively. There is no guarantee that the changes in fair value of our financial assets at FVTPL will continue to be positive, and our financial results may be materially affected by fluctuations in the changes in fair value of financial assets at FVTPL. During the Corresponding Period and the Reporting Period, we recorded gains on disposal of and received dividends from financial assets at FVTPL of a total of RMB119.6 million and RMB126.2 million, respectively. There is also no guarantee that we will continue to make gains on disposal of financial assets at FVTPL in the future, and our financial results may be materially affected.

14. Foreign exchange risk

Most of our sales and the costs thereof are denominated in same currencies. However, certain entities within the Group do have sales, costs, capital expenditures, cash and cash equivalents and borrowings in foreign currencies, which exposes the Group to foreign currency risks. In addition, certain entities within the Group also have receivables and payables which are denominated in currencies different from their functional currencies. The Group is mainly exposed to the foreign currency of USD. If RMB appreciates significantly against USD, our revenue growth could be negatively impacted, and our margins might also be pressured. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

15. Risks of changes in international policies and situations

Our overseas expansion, our financial condition and results of operations could be adversely affected by circumstances including but not limited to material change of laws, regulations, industrial policies or political and economic environment of any foreign nations or regions where we carry out business operation, or any unforeseeable and unpredictable factors such as geopolitical tensions, international conflicts, wars, sanctions, or other force majeure events. Specifically, international market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical frictions. Changes to trade policies, treaties and tariffs, or the perception that these changes could occur, could adversely affect the financial and economic conditions in the jurisdictions in which we operate, capital markets where our shares are listed and traded, as well as our overseas expansion, our ability to raise additional capital, our financial condition and results of operations.

Employees

The number of our employees increased to 8,326 as of December 31, 2021 from 6,032 as of December 31, 2020. During the Reporting Period, we continued to expand our clinical operation and project management teams in key overseas markets including the U.S. and Europe as part of our growth strategies. As of December 31, 2021, our overseas employees were based out of 52 countries and regions across 5 continents.

We enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. These employment contracts typically have terms of three years. We also provide competitive salaries, bonus, A Share incentive scheme and other means to attract, motivate, retain and reward our employees. Our A Share incentive scheme covered all of our employees who had worked for us for at least three years at the time when the incentives were awarded. In addition, we invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge.

We regularly review our capabilities and adjust our workforce to ensure we have the right mix of expertise to meet the demand for our services. In China, we have established a labor union that represents employees with respect to the promulgation of bylaws and internal protocols.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules on the Stock Exchange and has complied with the code provisions in the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors, the Supervisors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Ms. Cao Xiaochun, an executive Director and general manager of the Company, has overlooked Rule A.3(a)(i) of the Model Code and pledged an aggregate of 750,000 listed A shares of the Company on March 4, 2021 in favour of Huatai Securities Co., Ltd. (華泰證券股份有限公司) ("**Huatai**") as security for a loan extended by Huatai to her to facilitate her personal financial arrangements (the "**Pledge**"). The Pledge was within the prohibition period (January 28, 2021 to March 29, 2021) and Ms. Cao Xiaochun had forgotten to first notify in writing the Company's chairman or a designated Director and had not obtained a written acknowledgment as set out in Rule B.8 of the Model Code.

Ms. Cao Xiaochun overlooked the dealing prohibition by applying the A Share interpretation which prohibits trading of shares but does not further prohibit the pledging of shares and does not require any advanced written notification or acknowledgment. Upon notifying the Company of the Pledge, she was made aware by the Company of her non-compliance with the Model Code and immediately acknowledged her breaches of the Model Code. She undertook that she would review the relevant rules under the Model Code again and attend a training session and comply with the required standards as set out in the Model Code in the future. Save as disclosed above, she does not have any record in breach of Model Code since she became a Director of the Company.

The Company has maintained a system in monitoring the dealings by Directors (including a notification mechanism) to ensure compliance with the Model Code. In particular, the Company has notified all Directors the prohibition period before the commencement of such prohibition period. The Board is of the view that the guidelines and procedures for the Director's dealings of shares in the Company are adequate and effective.

Nevertheless, the Company acknowledges that it is crucial for Directors to take the personal initiative to ask for approval from the Company in order for the Company to properly keep track of Directors' dealings. In order to avoid similar incidents in the future, the Company reminded all the Directors at the Directors' meeting of the Company on March 9, 2021 the importance of complying with the Model Code in their dealings of the Company's shares and in submission of notifications. The Company has recirculated the Model Code to all Directors, Supervisors and relevant employees of the Company. The Company will also emphasise and remind the Directors to avoid similar incidents in the prohibition period in the future. The Company also provides briefings to update and refresh the Directors' knowledge and skills in performing their duties as director of a Hong Kong listed company, including to update the Directors on the latest developments regarding the Model Code, to ensure compliance and enhance their awareness of good corporate governance practices.

The Company had made specific enquiry of all Directors in relation to the compliance of the Model Code. Save for the above, the Company was not aware of any non-compliance with the Model Code by the Directors during the Reporting Period.

During the period of 60 days immediately preceding and including the date of this announcement, 350,000 listed A shares of the Company held by Ms. Cao Xiaochun was pledged as additional collaterals on March 11, 2022 in favour of Huatai for a loan provided by Huatai to her to facilitate her personal financial arrangements (the "**2022 Pledge**") as demanded by Huatai as a result of a significant drop of share price of the Company at that time. Ms. Cao Xiaochun was in a passive position in relation to the 2022 Pledge. The Directors (except Ms. Cao Xiaochun who is affected by the 2022 Pledge) were satisfied that the 2022 Pledge occurred under exceptional circumstances within the meaning of paragraph C.14 of Appendix 10 to the Listing Rules and should be allowed.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

(1) Repurchase and Cancellation of Some Restricted A Shares ("2019 Restricted Shares")

1) On October 29, 2020 and November 26, 2020, the Company convened the eighth meeting of the fourth session of the Board, the sixth meeting of the fourth session of the Supervisory Committee, the sixth extraordinary general meeting of Shareholders in 2020, the second A shares class meeting in 2020 and the second H shares class meeting in 2020, respectively, to approve the "Repurchase and Cancellation of Certain 2019 Restricted Shares", pursuant to which, the Company was approved to repurchase and cancel a total of 25,582 restricted shares granted to three resigned incentive participants the restricted shares of whom were not yet unlocked according to 2019 Restricted Shares Incentive Scheme. The restricted shares were repurchased off market by the Company and repurchase price for the reserved portion was RMB31.46 per Share and the repurchase price for the first grant portion was RMB26.55 per Share and the total consideration for the buyback amounted to RMB734,340.18. The aforesaid repurchase and cancellation matters were completed on January 28, 2021.

2) On March 29, 2021 and May 21, 2021, the Company convened the twelfth meeting of the fourth session of the Board, the eighth meeting of the fourth session of the Supervisory Committee, the annual general meeting of Shareholders in 2020, the first A shares class meeting in 2021 and the first H shares class meeting in 2021, respectively, to approve the "Repurchase and Cancellation of Certain 2019 Restricted Shares", pursuant to which, the Company was approved to repurchase and cancel a total of 16,554 restricted shares granted to two resigned incentive participants the restricted shares of whom were not yet unlocked according to 2019 Restricted Shares Incentive Scheme. The restricted shares were repurchased off market by the Company and the repurchase price was RMB26.55 per Share and the total consideration for the buyback amounted to RMB439,508.70. The aforesaid repurchase and cancellation matters were completed on June 4, 2021.

3) On August 25, 2021 and September 27, 2021, the Company convened the eighteenth meeting of the fourth session of the Board, the tenth meeting of the fourth session of the Supervisory Committee, the fourth extraordinary general meeting of Shareholders in 2021, the second A shares class meeting in 2021 and the second H shares class meeting in 2021, respectively, to approve the "Repurchase and Cancellation of Certain 2019 Restricted Shares", pursuant to which, the Company was approved to repurchase and cancel a total of 28,590 restricted shares granted to four resigned incentive participants the restricted shares of whom were not yet unlocked and one resigned incentive participant the restricted shares of whom was not yet unlocked according to 2019 Restricted Shares Incentive Scheme. The restricted shares were repurchased off market by the Company and the repurchase price was RMB26.55 per Share and RMB31.46 per Share, respectively and the total consideration for the buyback amounted to RMB803,563.83. The aforesaid repurchase and cancellation matters were completed on December 15, 2021.

(2) The Grant of the Reserved Portion under the 2019 Restricted Shares Incentive Scheme

1) Reference is made to the Company's announcement dated May 7, 2021 regarding the Completion of Registration of the Grant of the 1st Reserved Portion under the 2019 Restricted Shares Incentive Scheme. The Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Corporation Limited confirmed that the Company had completed granting registration for the 1st reserved portion under the 2019 restricted shares incentive scheme. The listing date of the granted shares was May 13, 2021. The reserved part containing 379,837 restricted shares was granted to 53 incentive participants.

2) Reference is made to the Company's announcement dated June 15, 2021 regarding the Completion of Registration of the Grant of the 2nd Reserved Portion under the 2019 Restricted Shares Incentive Scheme. The Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited confirmed that the Company had completed granting registration for the 2nd reserved portion under the 2019 restricted shares incentive scheme. The listing date of the granted shares was June 21, 2021. The reserved part containing 1,594,517 restricted shares was granted to 395 incentive participants.

(3) 2020 A Share Employee Share Ownership Plan

In order to establish and improve the benefit sharing mechanism between the Company and the employees, improve the corporate governance level, increase the employees' cohesion and the competitiveness of the Company, and promote the long-term, sustainable and stable development of the Company, the Board formulated the "2020 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft)" and its summary in accordance with relevant laws and regulations and taking into account the actual status of the Company. On November 30, 2020, the Company convened the ninth meeting of the fourth session of the Board, the congress of workers and staff and the seventh meeting of the fourth session of the Supervisory Committee to approve the "2020 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and its summary", the "Resolution on Administration of 2020 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd.", the "Resolution on Requesting the General Meeting of Shareholders to Authorise the Board to Handle Matters Regarding the 2020 A Share Employee Share Ownership Plan", and relevant proposals. The independent non-executive Directors issued independent opinions on these proposals, and the Supervisory Committee issued verification opinions on relevant matters of the employee stock ownership plan. Participants of this employee stock ownership plan are core technical (business) personnel of the Company and its wholly-owned subsidiaries. The Directors, Supervisors and senior management personnel of the Company do not participate in this employee stock ownership plan. The 2020 A Share Employee Share Ownership Plan was approved on January 8, 2021 at the 2021 first extraordinary general meeting of the Company.

(4) Repurchase of A Share of the Company

Pursuant to the Resolution on Plan for the Repurchase of the Shares of the Company approved at the eighteenth meeting of the fourth session of the Board on August 25, 2021, the Company repurchased a total of 3,559,850 A Shares on the Shenzhen Stock Exchange held by the public during the period from August 31, 2021 to November 1, 2021 for the purpose of subsequent implementation of the Company's equity incentive scheme or employee stock ownership plan. Particulars of the repurchases are as follows:

Month of repurchase	**Number of A Shares repurchased**	**Price paid per A Share**		**Aggregate consideration**
		Highest *(RMB)*	**Lowest** *(RMB)*	*(RMB)*
August	2,238,900	135.55	133.19	299,783,203.16
September	460,300	160.00	128.15	63,362,020.21
October	641,950	164.00	158.35	102,693,667.00
November	218,700	158.28	154.60	34,109,915.00

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

USE OF NET PROCEEDS FROM OUR HONG KONG INITIAL PUBLIC OFFERING

The total net proceeds from the issue of new H Shares by the Company in its listing on the Stock Exchange amounted to approximately HK$11,817.4 million[(1)], after deducting the underwriting commission and other estimated expenses payable by the Company in connection with the global offering of the Company. For the unutilized net proceeds of approximately HK$7,232.4 million as at the end of the Reporting Period, the Company intends to use them in the same manner and proportions as described in the Prospectus and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

As at the end of the Reporting Period, the Group has used the net proceeds as follows:

	Use of proceeds in the same manner and proportion as stated in the Prospectus[(1)] *(HK$ million)*	**Actual use of proceeds as at the end of the Reporting Period** *(HK$ million)*	**Net proceeds unutilized as at the end of the Reporting Period** *(HK$ million)*	**Expected timeframe for utilizing the remaining unutilized net proceeds**
approximately 15% to organically expand and enhance our service offerings and capabilities across clinical trial solutions services and clinical-related services to meet the rising demands for our services in overseas markets	1,772.6	178.2	1,594.4	24 to 36 months from the Listing
approximately 40% to fund potential acquisitions of attractive overseas clinical CROs that are complementary to our existing businesses as part of our global expansion plan	4,727.0	–	4,727.0	24 to 36 months from the Listing
approximately 20% to foster our biopharmaceutical R&D ecosystem by making minority investments in companies with innovative business models and growth potential, such as biotech companies, healthcare IT companies, hospitals, medical device and diagnostic research companies	2,363.5	2,066.8	296.7	36 to 48 months from the Listing

	Use of proceeds in the same manner and proportion as stated in the Prospectus[1] *(HK$ million)*	Actual use of proceeds as at the end of the Reporting Period *(HK$ million)*	Net proceeds unutilized as at the end of the Reporting Period *(HK$ million)*	Expected timeframe for utilizing the remaining unutilized net proceeds
approximately 10% to repay certain of our outstanding borrowings as of May 31, 2020	1,181.7	1,181.7	–	–
approximately 5% to develop advanced technologies to enhance the quality and efficiency of our comprehensive service offerings, such as cloud-based virtual clinical trial platforms and laboratory automation, medical data platforms and site management capabilities, through recruiting qualified technical and scientific professionals and undertaking specific R&D projects	590.9	409.9	181.0	12 to 36 months from the Listing
approximately 10% to working capital and general corporate purposes	1,181.7	748.4	433.3	–
Total	**11,817.4**	**4,585.0**	**7,232.4**	

Note:

(1) The total net proceeds of HK$11,817.4 million from the issuance of H Shares by the Company from its listing on the Stock Exchange consists of approximately HK$10,251.0 million of net proceeds received prior to the exercise of the over-allotment option and the additional net proceeds of approximately HK$1,566.4 million from the issue of over-allotment H Shares expenses. Such over-allotment option was fully exercised on August 29, 2020. Subsequent to the issuance of our interim results report for the the Corresponding Period, the abovementioned amounts have been adjusted over the course of preparing our verification report (驗資報告) to reflect the final net proceeds received by the Company, after deducting paid commissions and other offering expenses. The verification report has been audited and approved by the China Securities Regulatory Commission (中國證監會).

FINAL DIVIDEND

The Board proposed to declare a final dividend of RMB5 (inclusive of tax) per 10 shares (representing an aggregate amount of RMB433.19 million (inclusive of tax) based on the total issued Shares of the Company as of the date of this announcement) for the year ended December 31, 2021.

The aforesaid proposed is subject to the consideration and approval at the annual general meeting of the Company ("**AGM**"). If the distribution proposal is approved at the AGM, it is expected that the final dividend for the year ended December 31, 2021 will be paid in 60 days after the AGM to the shareholders. Details regarding the closure of the register of members of the Company and declaration and payment of dividends will be announced in due course.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2021, the following significant events took place:

1. On January 4, 2022, Mr. Wang Ruwei, the vice general manager of the Company, tendered his resignation as the vice general manager of the Company due to adjustment of his work arrangement. Following his resignation, Mr. Wang will still hold other positions in the subsidiaries of the Company after his resignation. For details, please refer to the announcement of the Company on January 4, 2022.

2. On February 11, 2022, the Company convened the twenty-first meeting of the fourth session of the Board to consider and approve the Resolution on the Share Repurchase Plan of the Company (《關於回購公司股份方案的議案》), pursuant to which, the Company planned to conduct share repurchase with its own funds or self-raised funds. The total amount of funds for share repurchase shall not be less than RMB250,000,000 and not more than RMB500,000,000, and the price for share repurchase shall not exceed RMB120.00 per share. Such portion of shares repurchased will be used for subsequent equity incentive plans or employee stock ownership plans. The term of the share repurchase shall be 12 months from the date of consideration and approval of the share repurchase plan by the Board. On February 15, 2022, the Company repurchased 16,600 shares of the Company for the first time through the special securities account for share repurchase by centralized price bidding, representing 0.0019% of the total share capital of the Company. As of the date of this announcement, the Company repurchased a total of 2,492,400 shares of the Company through the special securities account for share repurchase by centralized price bidding. The cumulative number of shares repurchased accounted for 0.2857% of the total share capital of the Company. The highest and lowest trading prices were RMB102.39 per share and RMB97.00 per share, respectively. The total transaction amount was approximately RMB249,990,129 (excluding transaction costs). For details, please refer to the announcement of the Company on February 13, 2022 and the next day disclosure returns of the Company on February 15, February 16, February 17, February 18, February 21, February 22 and February 23, 2022.

3. On December 29, 2021 (New York Time), Frontage Laboratories, Inc. entered into a membership interest purchase Agreement (the "**Agreement**") with (i) shareholders of Experimur LLC ("**OpCo**") and of Experimur Properties LLC ("**PropertyCo**") (collectively as the "**Sellers**"), (ii) Nabil Hatoum (being Sellers' Representative), (iii) Experimur Holdings Inc., and (iv) OpCo, Experimur Intermediate LLC ("**Experimur Intermediate**"), and PropertyCo (collectively as the "**Targets**"), pursuant to which the Sellers agreed to sell and Frontage Laboratories, Inc. agreed to purchase 100% of the equity interests of OpCo, Experimur Intermediate and PropertyCo for a cash consideration of up to US$76,000,000 in accordance with the terms and conditions of the Agreement.

   The closing of the acquisition took place on January 10, 2022 (New York Time). Immediately following the closing of the acquisition, the Targets have become indirect subsidiaries of the Company and the financial results, assets and liabilities of Targets will be consolidated into the consolidated financial statements of the Group.

   For details, please refer to the announcements of Frontage dated December 30, 2021 and January 11, 2022.

   As of the date of this announcement, it is not practicable to provide an estimate of financial effect of the above acquisition until the Group performed a detailed review.

4. On March 15, 2022, DreamCIS has entered into a sales and purchase agreement with the former shareholders of Meditip Co., Ltd to acquire an additional 70.2% of shares of Meditip Co., Ltd. at a consideration of KRW20,091,556,000 (equivalent to approximately RMB107,691,000). Upon completion of the transaction, DreamCIS holds 89% of shares of Meditip Co., Ltd.

   As at the date of this announcement, it is not practicable to provide an estimate of financial effect of the above acquisition until the Group performed a detailed review.

5. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board and the fifteenth meeting of the fourth session of the Supervisory Committee to approve the "Resolution on the Partial Repurchase and Cancellation of the 2019 Restricted Shares", pursuant to which, the Company will repurchase the restricted Shares granted to two of the incentive participants who are the objects in the first grant of the 2019 Restricted Share Incentive Scheme (as defined in the Prospectus) but not yet unlocked at the repurchase price of RMB26.55 per Share as adjusted after the completion of the 2018 equity distribution plan, while the Company shall repurchase the restricted Shares granted to three of the incentive participants who are the objects of reserved portion under the 2019 Restricted Share Incentive Scheme but not yet unlocked at the reserved portion grant price of the 2019 Restricted Share Incentive Scheme of RMB31.46 per Share.

   The resolution on the aforesaid partial repurchase and cancellation of the restricted Shares is subject to the consideration and approval by special resolution by Shareholders at the AGM, the A Share class meeting of the Company and the H Share class meeting of the Company. Please refer to the announcement of the Company dated March 28, 2022 for details.

6. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board to approve the proposed change of registered capital of the Company (the "**Proposed Change**") as a result of the repurchase and cancellation of the Company's restricted Shares as detailed in paragraph 4 above.

   The resolution on the Proposed Change is subject to approval of the special resolution by the Shareholders at the AGM, A Share class meeting of the Company and H Share class meeting of the Company. Please refer to the announcement of the Company dated March 28, 2022 for details.

7. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board to approve the proposed amendments to the articles of association of the Company (the "**Proposed Amendments**") as a result of the repurchase and cancellation of the Company's restricted Shares as detailed in paragraph 4 above.

   The resolution on the Proposed Amendments is subject to approval of the special resolution by the Shareholders at the AGM. Please refer to the announcement of the Company dated March 28, 2022 for details.

8. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board, to approve the proposed change in use of proceeds from the global offering of the Company ("**Proposed Change in Use of Proceeds**"). The resolution on the Proposed Change in Use of Proceeds is subject to approval of the ordinary resolution by the Shareholders at the AGM. Please refer to the announcement of the Company dated March 28, 2022 for details.

9. On March 28, 2022, the Company convened the twenty-second meeting of the fourth session of the Board and the fifteenth meeting of the fourth session of the Supervisory Committee to consider and approve "Resolution on 2022 H Share Appreciation Incentive Scheme of Hangzhou Tigermed Consulting Co., Ltd. (Draft)" and the "Resolution on Requesting the General Meeting of Shareholders of the Company to Authorize the Board to Handle Matters Regarding the 2022 H Share Appreciation Incentive Scheme". All such resolutions are subject to approval of the special resolutions by the Shareholders at the AGM. Please refer to the announcement of the Company dated March 28, 2022 for details.

10. On March 28, 2022, the Board convened the twenty-second meeting of the fourth session of the Board, the congress of workers and staff and the fifteenth meeting of the fourth session of the Supervisory Committee to consider and approve the "Resolution on 2022 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd. (Draft) and its summary", the "Resolution on Administration of 2022 A Share Employee Share Ownership Plan of Hangzhou Tigermed Consulting Co., Ltd.", the "Resolution on Requesting the General Meeting of Shareholders to Authorize the Board to Handle Matters Regarding the 2022 A Share Employee Share Ownership Plan". All such resolutions are subject to approval of the ordinary resolutions by the Shareholders at the AGM. Please refer to the announcement of the Company dated March 28, 2022 for details.

AGM AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

The Company will arrange the time of convening the forthcoming AGM as soon as practicable, and the notice of the AGM will be published and despatched to the Shareholders in a timely manner in accordance with the requirements of the Listing Rules and the Articles of Association. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of H Shares of the Company in the notice of the AGM.

REVIEW OF ANNUAL RESULTS

The Audit Committee comprises three independent non-executive Directors, namely Mr. Liu Kai Yu Kenneth, Mr. Zheng Bijun and Dr. Yang Bo. The chairman of the Audit Committee is Mr. Liu Kai Yu Kenneth who holds the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed the audited consolidated financial information of the Group for the year ended December 31, 2021 with the management and the auditors of the Company.

The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The independent auditors of the Company, namely BDO Limited, has agreed that the figures in respect of the Group's annual results for the year ended December 31, 2021 contained in this announcement are consistent with the amounts set out in the Group's audited consolidated financial statements for the year.

The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2021

	Notes	**2021** ***RMB'000***	2020 *RMB'000*
Revenue	*5*	**5,213,538**	3,192,279
Cost of services		**(2,965,420)**	(1,688,946)
Gross profit		**2,248,118**	1,503,333
Other income	*6*	**295,217**	145,063
Other gains and losses, net	*7*	**2,077,190**	1,273,621
(Provision)/reversal of impairment losses, net	*8*	**(24,426)**	10,075
Selling and marketing expenses		**(129,399)**	(96,581)
Listing expenses		**–**	(3,567)
Administrative expenses		**(554,807)**	(400,749)
Research and development expenses		**(211,829)**	(156,648)
Share of profits/(losses) of associates		**14,348**	(3,508)
Finance costs	*9*	**(24,910)**	(50,777)
Profit before tax	*10*	**3,689,502**	2,220,262
Income tax expense	*11*	**(292,864)**	(189,707)
Profit for the year		**3,396,638**	2,030,555
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income ("**FVOCI**"), net of tax		**(14)**	275
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**(89,905)**	(171,146)
Total comprehensive income for the year		**3,306,719**	1,859,684
Profit for the year attributable to:			
Owners of the Company		**2,879,099**	1,751,328
Non-controlling interests		**517,539**	279,227
		3,396,638	2,030,555

	Notes	2021 ***RMB'000***	2020 *RMB'000*
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,815,119**	1,633,014
Non-controlling interests		**491,600**	226,670
		3,306,719	1,859,684
Earnings per share	*12*		
– Basic *(RMB)*		**3.32**	2.20
– Diluted *(RMB)*		**3.31**	2.19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**701,857**	400,455
Intangible assets		**234,090**	124,782
Goodwill		**1,778,948**	1,444,519
Right-of-use assets		**473,262**	332,615
Interests in associates		**738,799**	60,270
Deferred tax assets		**100,936**	79,507
Financial assets at fair value through profit or loss ("**FVTPL**")	*14*	**8,746,344**	5,292,302
Financial assets at FVOCI	*14*	**13,531**	15,158
Restricted bank deposits	*17*	**1,913**	1,957
Other non-current assets		**101,605**	110,484
		12,891,285	7,862,049
CURRENT ASSETS			
Inventories		**6,095**	4,721
Trade, bills and other receivables and prepayments	*15*	**952,017**	638,680
Contract assets	*16*	**1,285,475**	824,714
Financial products	*14*	**29,180**	26,000
Note receivables		**–**	944
Prepaid income tax		**34,678**	27,017
Restricted bank deposits	*17*	**8,586**	52
Time deposits with original maturity over three months	*17*	**155,440**	161,919
Cash and cash equivalents	*17*	**8,378,417**	9,959,963
		10,849,888	11,644,010
CURRENT LIABILITIES			
Trade and other payables	*18*	**879,962**	529,546
Contract liabilities		**789,509**	484,643
Borrowings	*19*	**492,320**	–
Income tax payables		**176,410**	72,858
Lease liabilities		**74,515**	52,290
		2,412,716	1,139,337
NET CURRENT ASSETS		**8,437,172**	10,504,673
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,328,457**	18,366,722

	Notes	2021 *RMB'000*	2020 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**406,839**	279,021
Other long-term liabilities		**114,881**	97,494
Deferred tax liabilities		**201,540**	131,730
		723,260	508,245
NET ASSETS		**20,605,197**	17,858,477
CAPITAL AND RESERVES			
Share capital	*20*	**872,439**	872,484
Treasury shares		**(579,186)**	(157,912)
Reserves		**17,892,210**	15,439,252
Equity attributable to owners of the Company		**18,185,463**	16,153,824
Non-controlling interests		**2,419,734**	1,704,653
TOTAL EQUITY		**20,605,197**	17,858,477

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was established in the People's Republic of China (the "PRC") on December 25, 2004 as a joint stock limited liability company. On August 17, 2012, the Company's shares were listed on the ChiNext ("創業板") of the Shenzhen Stock Exchange with stock code 300347. On August 7, 2020, the Company's share were listed on the Main Board of the Stock Exchange with Stock Code 3347. Its registered office and the principal place of business activities is located at Room 2001-2010, 20/F, Block 8, No. 19 Jugong Road, Xixing Sub-District, Binjiang District, Hangzhou, the PRC.

The Group is principally engaged in the CRO services.

Dr. Ye Xiaoping and Ms. Cao Xiaochun are acting in concert and are the largest shareholders of the Company.

The functional currency of the Company is RMB, which is the same as the presentation currency of the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared based on the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the consolidated financial statements include the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

3. ADOPTION OF IFRSs

(a) Adoption of new/revised IFRSs – effective January 1, 2021

The IASB has issued a number of new or amended IFRSs that are first effective for the current accounting period of the Group:

Amendments to IFRS 16	COVID-19-Related Rent Concessions
Amendments to IAS 39,IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform-Phase 2

None of these new or amended IFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended IFRSs that is not yet effective for the current accounting period.

4. SEGMENT INFORMATION

Operating segments are determined based on the Group's internal reports which are submitted to chief executive officer, being the chief operating decision maker ("CODM") of the Group, for the purpose of performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of performance assessment and resources allocation.

The following are the Group's reportable segments under IFRS 8 "Operating Segments":

– Clinical trial solutions

– Clinical-related and laboratory services

Segment revenues and results

The following is an analysis of the Group's revenue by reportable segments.

For the year ended December 31, 2021

	Clinical trial solutions *RMB'000*	**Clinical-related and laboratory services** *RMB'000*	**Total** *RMB'000*
Revenue	**2,993,652**	**2,219,886**	**5,213,538**
Gross profit	**1,325,432**	**922,686**	**2,248,118**
Unallocated amounts:			
Other income			**295,217**
Other gains and losses, net			**2,077,190**
Provision of impairment losses, net			**(24,426)**
Selling and marketing expenses			**(129,399)**
Administrative expenses			**(554,807)**
Research and development expenses			**(211,829)**
Share of profits of associates			**14,348**
Finance costs			**(24,910)**
Profit before tax			**3,689,502**

For the year ended December 31, 2020

	Clinical trial solutions *RMB'000*	Clinical-related and laboratory services *RMB'000*	Total *RMB'000*
Revenue	1,519,215	1,673,064	3,192,279
Gross profit	754,650	748,683	1,503,333
Unallocated amounts:			
Other income			145,063
Other gains and losses, net			1,273,621
Reversal of impairment losses, net			10,075
Selling and marketing expenses			(96,581)
Listing expenses			(3,567)
Administrative expenses			(400,749)
Research and development expenses			(156,648)
Share of losses of associates			(3,508)
Finance costs			(50,777)
Profit before tax			2,220,262

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about performance assessment and resources allocation. No analysis of segment assets and liabilities is presented as management does not regularly review such information for the purposes of performance assessment and resource allocation. Therefore, only segment revenue and gross profit are presented.

Geographical information

An analysis of the Group's revenue from external customers, analysed by region, is presented below:

	2021	2020
	RMB'000	*RMB'000*
Revenue from external customers		
– PRC	**2,756,080**	1,906,723
– Other overseas countries and regions	**2,457,458**	1,285,556
	5,213,538	3,192,279

Information about the Group's non-current assets by geographical location of the assets are presented below:

	2021	2020
	RMB'000	*RMB'000*
Non-current assets excluding financial assets and deferred tax assets		
– PRC	**2,341,230**	1,445,742
– Other overseas countries and regions	**1,621,072**	1,027,383
	3,962,302	2,473,125

Information about major customers

Since no revenue from sale to a single customer amounted to 10% or more of the Group's revenue during the current and prior year, no major customer information is presented in accordance with IFRS 8 "Operating Segments".

5. REVENUE

The Group's revenue streams are categorised as follows:

– Clinical trial solutions consist of clinical trial operation services and other core clinical services directly associated with clinical trial operations such as medical writing, translation and registration services, and pharmacovigilance services.

– Clinical-related and laboratory services consist of ancillary services that provide the necessary support to clinical trial operations, including analytical services (e.g., data management and statistical analysis, and medical imaging), logistical and execution support services (e.g., site management), administrative assistance (e.g., patient recruitment), consulting services (e.g., good manufacturing practice consulting), laboratory services (e.g., drug metabolism and pharmacokinetics), safety and toxicology, bioanalytical, and chemistry, manufacturing and controls services), as well as chemistry services.

An analysis of the Group's revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
Overtime		
Clinical trial solutions	**2,993,652**	1,519,215
Clinical-related and laboratory services	**2,219,886**	1,673,064
	5,213,538	3,192,279

Transaction price allocated to future performance obligations

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) was RMB11,404,911,000 (2020: RMB7,260,323,000) as at December 31, 2021. Management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts as of the end of each reporting period will be recognised within 3 years from the end of each reporting period.

The following table provides information about trade and bills receivables, contract assets and contract liabilities from contracts with customers.

	2021	2020
	RMB'000	*RMB'000*
Trade and bills receivables *(Note 15)*	**816,057**	494,731
Contract assets *(Note 16)*	**1,285,475**	824,714
Contract liabilities	**(789,509)**	(484,643)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed because the rights are conditioned on the Group's future performance in archiving specified milestones of the contract at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group provides the invoice to the customers.

The contract liabilities mainly relate to the advance consideration received from customers.

6. OTHER INCOME

	2021	2020
	RMB'000	*RMB'000*
Interest income from bank deposits	**255,877**	110,392
Interest income from financial products	**3,172**	3,702
Government grants	**23,854**	27,398
Dividend income from financial assets at FVTPL	**11,365**	1,722
Others	**949**	1,849
	295,217	145,063

7. OTHER GAINS AND LOSSES, NET

	2021	2020
	RMB'000	*RMB'000*
Net foreign exchange loss	**(11,832)**	(147,077)
Loss on disposal/written off of property, plant and equipment and intangible assets	**(531)**	(886)
Change in fair value of financial assets at FVTPL	**1,815,390**	1,137,889
Fair value change of contingent consideration payables	**(14,171)**	126
Gain on disposal of subsidiaries	**168,532**	6,743
Gain on disposal of associates	**4,937**	158,948
Gain on disposal of financial assets at FVTPL	**114,865**	117,878
	2,077,190	1,273,621

8. IMPAIRMENT LOSSES

	2021	2020
	RMB'000	*RMB'000*
Impairment losses under expected credit loss model, net of reversal		
Trade receivables	**12,803**	(6,551)
Contract assets	**12,915**	(5,414)
Other receivables	**(1,293)**	1,890
	24,425	(10,075)
Impairment loss of prepayments	**1**	–
Provision/(reversal)of impairment losses, net	**24,426**	(10,075)

9. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interest expense on bank borrowings	**3,671**	33,952
Interest on lease liabilities	**21,239**	16,825
	24,910	50,777

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	2021	2020
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**82,103**	58,356
Amortisation of intangible assets	**40,320**	26,945
Depreciation of right-of-use assets	**74,339**	64,955
Staff costs (including directors' emoluments):		
– Salaries and other benefits	**1,696,523**	1,203,743
– Retirement benefits scheme contributions	**205,727**	101,575
– Share-based payment expenses	**92,286**	40,186
	1,994,536	1,345,504
Auditors' remuneration	**4,200**	3,300
Short-term leases with application of recognition exemption	**3,927**	87
Leases of low-value assets with application of recognition exemption	**4,396**	398

11. INCOME TAX EXPENSE

	2021	2020
	RMB'000	*RMB'000*
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**245,923**	119,890
– U.S. income tax	**10,465**	(1,360)
– Korean income tax	**3,417**	3,223
– Others	**7,193**	3,604
Under/(over) provision of current tax in prior year	**1,730**	(28)
	268,728	125,329
Deferred tax:		
– Current year	**24,136**	64,378
Total income tax expense	**292,864**	189,707

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the standard EIT rate of the PRC subsidiaries is 25%. For the PRC subsidiaries approved as High and New Technology Enterprise or Advance Technology Enterprise by the relevant government authorities, they are subject to a preferential rate of 15%. Funds established as partnerships in the PRC are not taxable entities and EIT will apply at the partner's level. For non-resident enterprises without any establishment in the PRC, they are subject to withholding income tax rate of 10% for their income from the PRC.

The group entities incorporated in the United State of America (the "USA") is subject to Federal Corporate Tax and State Income Tax. The tax rate for Federal Income Tax is 21% for both years. The income subject to tax in a specific state (i.e. state taxable income) is calculated based on the federal taxable income with state tax adjustments, which is then allocated or apportioned to the respective states (i.e. percentage of taxable income that should be apportioned or specially allocated to the respective states in which the Group operates).

The group entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for both years. On March 21, 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The two-tiered profits tax rates regime is applicable to the Group's Hong Kong subsidiaries with estimated assessable profits for its annual reporting periods ending on or after April 1, 2018.

The group entities incorporated in the Cayman Islands are not subject to income or capital gains tax under the law of the Cayman Islands.

The group entities established in the British Virgin Islands ("BVI") are not subject to income tax or capital gains tax under the law of the BVI.

Taxation arising from other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share attribute to owners of the Company is based on the following data:

	2021	2020
	RMB'000	*RMB'000*
Profit for the year attributed to owners of the Company	**2,879,099**	1,751,328
Effect of cash dividend distributed to holders whose restricted shares are expected to be unlocked *(note (i))*	**(1,221)**	(1,698)
Earnings for the purpose of calculating basic earnings per share	**2,877,878**	1,749,630

Number of shares:

	2021	2020
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**865,627,320**	793,519,061

(b) Diluted earnings per share

The calculation of the diluted earnings per share attribute to owners of the Company is based on the following data:

	2021	2020
	RMB'000	*RMB'000*
Profit for the year attributed to owners of the Company	**2,879,099**	1,751,328
Effect of share options issued by subsidiaries *(note (ii))*	**(4,959)**	(5,285)
Earnings for the purpose of calculating diluted earnings per share	**2,874,140**	1,746,043

Number of shares:

	2021	2020
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**865,627,320**	793,519,061
Effect of dilutive potential ordinary shares in respect of outstanding restricted share under restricted share scheme	**2,605,465**	3,520,471
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**868,232,785**	797,039,532

Notes:

(i) The effect of cash dividend distributed to restricted shares holders and dilutive potential ordinary shares is related to the restricted share scheme launched by the Company.

(ii) During the years ended December 31, 2021 and 2020, the effect of share options issued by subsidiaries is related to the share options issued by Frontage, DreamCIS and Fantastic Bioimaging Co., Ltd. respectively.

(iii) The weighted average number of ordinary shares shown above has been adjusted for the issue of new shares as set out in Note 20 and treasury shares.

13. DIVIDENDS

During the year ended December 31, 2021, the Company declared cash dividends to its shareholders as follows:

	2021	2020
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.50 and RMB0.30 in respect of the years ended December 31, 2021 and 2020, respectively	**433,193**	261,745

The final dividend proposed after the end of the year has not been recognised as a liability at the end of the year.

14. FINANCIAL ASSETS AT FAIR VALUE/FINANCIAL PRODUCTS

	2021	2020
	RMB'000	*RMB'000*
Financial assets		
Non-current assets		
Financial assets at FVTPL		
– Listed equity securities	**105,519**	482,002
– Unlisted equity investments	**4,071,784**	2,060,600
– Unlisted fund investments	**4,569,041**	2,749,700
	8,746,344	5,292,302
Financial assets at FVOCI		
– Unlisted equity investments	**13,531**	15,158
Current assets		
Financial products *(note)*	**29,180**	26,000

Note:

The Group entered into series of financial products contracts with banks and other financial institutions in the PRC. The investments are yield enhancement deposits with expected but not guaranteed rates of return. The expected rates of return was 3.15% (2020: 1.5% to 3.1%) per annum for the year ended December 31, 2021, which were determined by reference to the returns of the underlying investments. The directors considered the financial products shall be classified as financial assets at FVTPL and the amount paid for the financial products approximates its fair value at the end of each reporting period.

15. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	2021	2020
	RMB'000	*RMB'000*
Trade receivables		
– Third parties	**857,610**	531,814
– Related parties	**3,979**	–
Less: loss allowance for trade receivables	**(52,462)**	(40,890)
	809,127	490,924
Bills receivable		
– Third parties	**6,930**	3,807
Other receivables		
– Third parties	**74,160**	54,029
– Related parties	**505**	31
Less: loss allowance for other receivables	**(6,549)**	(7,846)
	68,116	46,214
Consideration receivables *(notes (a), (b))*	**8,550**	69,565
Prepayments (*note (c)*)		
– Third parties	**59,229**	28,170
– Related parties	**65**	–
	59,294	28,170
	952,017	638,680

Note:

(a) Consideration receivable for disposal of Hangzhou Yibai Health Management Co., Ltd. ("Hangzhou Yibai")

Included in consideration receivables as at December 31, 2020 represents the consideration receivable for the disposal of the entire interest in Hangzhou Yibai amounting to RMB60,265,000. The amount was settled during the year ended December 31, 2021.

(b) Consideration receivable for disposal of financial asset at FVTPL

The amount has also included the consideration receivable for the disposal of the interest in financial assets held by the Group, amounting to RMB8,550,000 (2020:RMB9,300,000) as at December 31, 2021.

(c) For the year ended December 31, 2021, the Group recorded in impairment of RMB1,000 on the prepayments (2020: nil).

The Group allows a credit period ranging from 30 to 90 days to its customers. The following is an aging analysis of trade receivables (net of allowance for impairment losses), presented based on the invoice dates, at the end of each reporting period:

	2021	2020
	RMB'000	*RMB'000*
Within 90 days	**739,843**	458,158
91 to 180 days	**29,636**	20,465
181 days to 1 year	**31,212**	6,807
Over 1 year	**8,436**	5,494
	809,127	490,924

16. CONTRACT ASSETS

	2021	2020
	RMB'000	*RMB'000*
Contract assets		
– Third parties	**1,322,711**	857,106
– Related parties	**8,125**	54
Less: loss allowance for contract assets	**(45,361)**	(32,446)
	1,285,475	824,714

Changes in contract assets primarily relate to timing invoicing.

17. CASH AND CASH EQUIVALENTS/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/RESTRICTED BANK DEPOSITS

	2021	2020
	RMB'000	*RMB'000*
Cash and cash equivalents *(note (a))*	**8,378,417**	9,959,963
Time deposits with original maturity over three months *(note (d))*	**155,440**	161,919
Restricted bank deposits		
Portion classified as current assets *(notes (b), (e) and (f))*	**8,586**	52
Non-current portion *(note (c))*	**1,913**	1,957
	10,499	2,009

Notes:

(a) At the end of each reporting period, cash and cash equivalents of the Group comprised of bank balances and cash held. Bank balances carried interest at prevailing market interest rates which ranged from 0.30% to 3.75% (2020: 0.30% to 3.85%) per annum as at December 31, 2021.

(b) As at 31 December 2021, a cash deposit of US$353,000 (equivalent to approximately RMB2,252,000) was required by Pennsylvania Department of Environmental Protection, Bureau of Radiation Protection in the USA for radiology license in USA, and the amount is restricted. As at December 31, 2021, the remaining amount in the collateral account was US$353,000 (equivalent to approximately RMB2,252,000) (2020: nil), which has been included in restricted bank deposits.

(c) During 2015, the Group entered into a lease agreement for a property located in Secaucus, New Jersey, the USA with a lease term ending in 2027. As part of the lease agreement, a letter of credit of US$550,000 (equivalent to RMB3,594,000) is required as a guarantee over the term of the lease and therefore the Group obtained a letter of credit of US$550,000 (equivalent to RMB3,594,000) from a bank and in return placed an equal amount to the bank as a pledged deposit for the letter of credit. From 2018 onwards, the cash deposit that was required as a guarantee was reduced to US$300,000 (equivalent to RMB1,913,000) (2020: US$300,000 (equivalent to RMB1,957,000)). The pledged bank deposit as of December 31, 2021 carried fixed interest rate of 0.55% per annum (2020: 0.55% per annum) and was classified as a long-term asset.

(d) Time deposits with original maturity over three months represent fixed deposits with maturity more than three months from the date of acquisition which carried interest at prevailing market rates ranging from 1.01% to 2.00% (2020: 0.75% to 1.02%) per annum as at December 31, 2021.

(e) On March 3, 2021, a cash deposit of RMB1,000,000 was required by Shanghai Customs District P.R. China in the PRC for import value-added tax in China, and the amount is restricted. As at December 31, 2021, the remaining amount in the escrow account was RMB1,000,000, which has been included in restricted bank deposits.

(f) As at December 31, 2021, certain bank deposits with balances of approximately RMB5,259,000 was pledged to secure bills payable of approximately RMB22,118,000.

18. TRADE AND OTHER PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables		
– Third parties	**96,098**	100,829
– Related parties	**29,651**	466
	125,749	101,295
Bills payables		
– Third parties *(note (b))*	**22,118**	–
Other payables		
– Third parties	**86,879**	56,460
– Consideration payables *(note (c))*	**154,460**	39,145
– Contingent consideration payables	**61,322**	14,486
– Restricted share repurchase payable	**67,607**	123,138
– Dividend payable	**1,221**	1,698
– Salary and bonus payables	**256,194**	140,396
– Other taxes payable	**104,412**	52,928
	732,095	428,251
	879,962	529,546

Notes:

(a) The amounts due to related parties were unsecured, repayable on demand and interest free.

(b) As at December 31, 2021, bills payable were arranged with banks under secured credit facilities. The Group's bills payable were secured by pledged deposits of approximately RMB5,259,000.

(c) Consideration payable for acquisition of additional interest in Beijing Yaxincheng Medical InfoTech Co. Ltd. ("Beijing Yaxincheng") and Mosim.

Included in consideration payables as at December 31, 2020 represents the consideration payable for the acquisition of additional 30% equity interests in Beijing Yaxingcheng, a non-wholly owned subsidiary of the Company, amounting to RMB32,739,000. The Group has further acquired the remaining 15% equity interests in Beijing Yaxincheng. The amount has been settled during the year ended December 31, 2021.

Included in consideration payables as at December 31, 2021 represents the consideration payable for the acquisition of additional 40% equity interests in Mosim, a non-wholly owned subsidiary of the Company, amounting to RMB97,140,000.

During the year ended December 31, 2020, the Group has entered into arrangement to acquire additional 40% of the equity interests in Mosim, a non-wholly owned subsidiary of the Company. The consideration to be transferred is based on the audited net profit of Mosim for the year ended December 31, 2021. A prepayment amounting to RMB100,980,000 were made pursuant to the terms of the contract as at December 31, 2020. The transaction has been completed during the year ended December 31, 2021. At completion date, management has determined the fair value of the contingent consideration based on the historical results of Mosim and the amount is expected to be settled in 2022. The consideration for the proposed transaction is estimated to be RMB198,000,000.

The contingent consideration payable was re-measured at fair value and a fair value loss of RMB120,000 was recorded during the year ended December 31, 2021.

Payment terms with suppliers are mainly on credit ranging from 30 to 60 days from invoice date. The following is an age analysis of trade payables presented based on invoice date at the end of each of the reporting period:

	2021	2020
	RMB'000	*RMB'000*
Within 90 days	**119,618**	94,676
91 days to 1 year	**2,024**	4,487
Over 1 year	**4,107**	2,132
	125,749	101,295

19. BORROWINGS

	2021 *RMB'000*	2020 *RMB'000*
Current portion		
Secured and unguaranteed bank loans *(note (a))*	**70**	–
Unsecured and unguaranteed bank loans *(note (b))*	**492,250**	–
	492,320	–
Loan interest at rate per annum in the range of	**3.40%-4.45%**	N/A
On demand or within one year	**492,320**	–

The carrying amounts of the Group's current interest-bearing bank borrowing approximate to their fair values.

Notes:

(a) The Group has used certain restricted bank deposits in Note 17, to aggregate banking facilities of RMB120,000,000 acquired from the bankers, of which RMB22,118,000 and RMB70,000 were utilised as bills payable and borrowing respectively, as at December 31, 2021.

(b) At December 31, 2021, the Group had banking facilities to the extent of RMB4,117,500,000 (2020: RMB1,900,000,000). The aforesaid bank loans outstanding as at December 31, 2021 were RMB492,250,000 (2020: nil).

(c) The Group had aggregated banking facilities of RMB3,723,062,000 (2020: RMB1,900,000,000) which were unutilised as at December 31, 2021.

20. SHARE CAPITAL

	Number of ordinary shares	Authorised shares *RMB'000*	Issued and paid shares *RMB'000*
As at January 1, 2020	749,507,599	749,508	749,508
Cancellation of shares *(note (a))*	(148,891)	(149)	(149)
Issue of new shares *(note (b))*	123,124,800	123,125	123,125
As at December 31, 2020 and January 1, 2021	872,483,508	872,484	872,484
Cancellation of shares *(note (a))*	(45,144)	(45)	(45)
As at December 31, 2021	872,438,364	872,439	872,439

Notes:

(a) During the year ended December 31, 2021, some of the Company's original incentive recipients resigned and lost their right to receive incentive. Therefore, the Company repurchased and cancelled 45,144 (2020: 148,891) restricted shares previously held by these incentive recipients with a deduction from the treasury shares of RMB1,476,000 (2020: RMB4,442,000), including a reduction of RMB45,000 (2020: RMB149,000), in share capital, and RMB1,431,000 (2020: RMB4,293,000), in share premium.

(b) On August 7, 2020, 107,065,100 ordinary shares with a par value of RMB1 each of the Company were issued at a price of HK$100 (equivalent to RMB89.56) per share by way of global offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

On September 2, 2020, 16,059,700 ordinary shares with a par value of RMB1 each of the Company were issued at a price of HK$100 (equivalent to RMB88.23) per share by way of over-allotment.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at www.tigermedgrp.com. The 2021 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders in due course and will be published on the websites of the Company and the Stock Exchange.

APPRECIATION

The Group would like to express its heartfelt appreciation to all our employees for their outstanding contribution towards the Group's development. The Board wishes to sincerely thank the management for their dedication and diligence, which are instrumental for the Group to continue its success in future. The Board also wishes to extend its gratitude for the continuing support from our shareholders, customers, and business partners. The Group will endeavour to deliver sustainable business development in the future, so as to create more values for all our shareholders.

DEFINITIONS

"A Share(s)"	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi and are listed for trading on the Shenzhen Stock Exchange
"Audit Committee"	the audit committee of the Board
"Board"	our board of Directors
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this annual results announcement and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "our Company"	Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300347) and the H Shares of which are listed on the Stock Exchange (stock code: 03347)
"COVID-19"	Novel Coronavirus
"Director(s)"	the director(s) of the Company or any one of them
"EMEA"	Europe, Middle East and Africa
"H Share(s)"	ordinary share(s) in the share capital of our Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange
"HK$"	Hong Kong dollars and cents, both are the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Listing" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on August 7, 2020
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"Prospectus"	the prospectus issued by the Company dated July 28, 2020
"RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the twelve months ended December 31, 2021
"Share(s)"	comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor"	the supervisor of the Company
"Supervisory Committee"	our board of Supervisors
"U.S."	United States
"USD" or "US$"	United States dollars, the lawful currency of the United States
"%"	percentage

By order of the Board
Hangzhou Tigermed Consulting Co., Ltd.
Ye Xiaoping
Chairman

Hong Kong, March 28, 2022

As at the date of this announcement, the executive Directors are Dr. Ye Xiaoping, Ms. Cao Xiaochun, Ms. Yin Zhuan and Mr. Wu Hao; the independent non-executive Directors are Mr. Zheng Bijun, Dr. Yang Bo and Mr. Liu Kai Yu Kenneth.

* *For identification purpose only*

This announcement was originally prepared in English. In the event of discrepancies between the Chinese and English version, the English version shall prevail.